

84-7095

United States Court of Appeals For The Second Circuit

UNIVERSAL CITY STUDIOS, INC.,
Plaintiff-Appellant,

against

NINTENDO CO. LTD. and NINTENDO OF AMERICA,
INC.,
Defendants-Appellees.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

BRIEF FOR DEFENDANTS-APPELLEES

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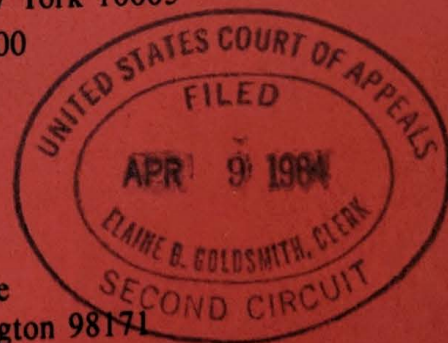
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ON APPEAL FROM THE UNITED STATES DISTRICT COURT
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BRIEF FOR DEFENDANTS-APPELLEES

This brief is submitted on behalf of defendants-appellees, Nintendo Co., Ltd. and Nintendo of America, Inc. (collectively "Nintendo"), in response to the brief of plaintiff-appellant, Universal City Studios, Inc. ("Universal").

I

COUNTER-STATEMENT OF THE ISSUES

1. Whether the court below was correct in holding on the following separate and alternative bases that summary judgment should be granted against Universal:

- (a) Universal did not acquire trademark rights in King Kong under the decision in *Universal City Studios, Inc. v. RKO General, Inc. et al.*, C.V. 75-3526-R (C.D. Cal. 1975) and the subsequent Cooper-Universal contract.
- (b) The undisputed multiple origins and unsupervised uses of King Kong make it impossible for King Kong to denote a single source of origin and hence to be a trademark.
- (c) There is no likelihood of confusion between Donkey Kong and King Kong.
- (d) The pendent state claims fall in the absence of any viable trademark claim by Universal in King Kong and in the absence of any substantial similarity between Donkey Kong and King Kong.

2. Whether Universal's agreements with Nintendo's licensees whereby Universal profited from and endorsed the mass distribution of Donkey Kong products bearing Nintendo's trademark, without any reference to Universal and without supervision by Universal, constitute an abandonment of Universal's trademark claim in King Kong or a conclusive admission that Nintendo's Donkey Kong is not an infringement of King Kong.

3. Whether Universal is estopped from asserting protectible trademark rights in King Kong by its prior litigation in the California federal courts in which it successfully argued that King Kong could not be a trademark.

II STATEMENT OF THE CASE

A. DISPOSITION BELOW

When defendants successfully moved for summary judgment, discovery was complete, and the case was ready for trial to the court, neither party having requested a jury. Nintendo had advised Universal and Judge Sweet at the first pretrial conference that it was considering filing a motion for summary judgment. A57. During the next seven months, Universal took eleven depositions, including six of Nintendo's employees in Japan, and Nintendo took five depositions. Documents were produced by both parties as well as by third parties; Universal answered three sets of interrogatories, and Nintendo answered four sets. On the basis of this record and the subsequent 3(g) statements of the parties, Nintendo filed its motion for summary judgment.

Nintendo urged six legal grounds for summary judgment. The court below agreed with five. First, the court found that the district court judgment in *Universal City Studios, Inc. v. RKO General, Inc. et al.*, C.V. 75-3526-R (C.D. Cal. 1975) and the Cooper-Universal contract, which Universal claimed to be the source of its alleged rights, conveyed no trademark in King Kong. Judge Sweet found that these documents did not purport to convey such rights, and could not, because they failed to transfer the goodwill represented by the alleged mark. In addition, even if these documents had purported to convey a trademark, they would have caused an abandonment of the mark since the mark and the business goodwill it is said to represent would have been separated.

Second, the court found that the multiple enforceable interests in King Kong concededly held by parties other than Universal, including the exclusive rights of RKO General, Inc. ("RKO") to the use of the classic 1933 movie and the scenes and portrayals therein; the exclusive rights of Dino DeLaurentiis Corporation ("DDL") to the 1975 King Kong movie remake and the scenes and portrayals therein; and Richard Cooper's exclusive book publishing rights in King Kong, had made it impossible to find that King Kong denoted a single source in the public mind, the *sine qua non* of a trademark.

Third, Universal was unwilling or unable to designate in the court below the specific manifestations of King Kong which it believed to be its mark. Nevertheless, the district court made the comparisons suggested by Universal to test the likelihood of confusion between King Kong and Donkey Kong, including a comparison of the names and graphic depictions of the characters, and found that Donkey Kong and King Kong are noteworthy much more for their differences than for any similarities, and, as a matter of law, there is no likelihood of confusion.

Fourth, the court found that Universal's arrangements to share the revenues with certain Nintendo licensees for the distribution of Donkey Kong products, under the Nintendo mark and under Nintendo's exclusive control, indicated either Universal's abandonment of its mark or an implied admission by Universal that there could be no confusion between Donkey Kong and King Kong. Although the court believed that these agreements supported summary judgment, Nintendo submits that these agreements are an independent basis for affirming the district court's judgment.

Fifth, the court dismissed Universal's claims under the New York antidilution statute since King Kong is not a trademark entitled to protection. It also held that the overwhelming dissimilarities between King Kong and Donkey Kong preclude a "blurring" under the statute as a matter of law. In addition, the court dismissed Universal's common law unfair competition claims since Universal has no property interest which could be subject to infringement or misappropriation; and since, in any event, Donkey Kong is not an infringement or a misappropriation of King Kong as a matter of law.

The district court did not agree with Nintendo's argument that Universal was collaterally and judicially estopped from bringing the present claims. Universal had won a judicial declaration in California that King Kong could not serve as a trademark against RKO, the owner of the classic 1933 movie; DDLC, the owner of the 1975 remake movie; and Richard Cooper, the heir of the creator of King Kong. The court below apparently rejected Nintendo's estoppel arguments because Universal vacated the declaratory judgment by stipulation after extracting settlements from the defendants.

Judgments and orders entered in the California litigation do collaterally estop Universal. On this appeal, Nintendo only urges as still another ground for affirming the decision below,

that Universal is judicially estopped from arguing in this action that King Kong is a trademark when it successfully argued the contrary to another federal court.¹

B. COUNTER-STATEMENT OF FACTS

Universal's statement of facts does not reflect the undisputed factual basis on which the district court ruled that Universal had no valid claim to a trademark in King Kong and that Donkey Kong was not an infringement of King Kong even if Universal had such a trademark.

1. The Origin of Universal's Alleged Rights in King Kong

Universal's only claim to an ownership interest in King Kong arises from litigation commenced in 1975 by Universal seeking, among other things, a declaration that the King Kong name, character and story were in the public domain. *Universal City Studios, Inc. v. RKO General, Inc. et al.*, C.V. 75-3526-R (C.D. Cal. 1975) and *Universal City Studios, Inc. v. RKO General, Inc. et al.*, C. 125-242 (Superior Ct. Cal. 1975). This litigation arose out of a dispute as to who would have the right to produce a remake of the 1933 classic movie.

RKO had licensed DDLC to produce the remake. Universal, claiming that it had previously negotiated a valid exclusive license for the remake rights, brought suit in California state court against RKO and DDLC for breach of contract and tortious interference with contractual relations. Universal State Complaint, A1010-48. It also commenced a declaratory judgment action in the United States District Court for the Central District of California against RKO, DDLC and Richard Cooper seeking a declaration, *inter alia*, that Universal could proceed with its movie because the King Kong story had lapsed into the public domain. Universal Federal Complaint, A1049-61.

1. Universal notes that Judge Sweet ruled against Nintendo on the estoppel issues and "no cross-appeal has been taken." Univ. Br. 4. No cross-appeal was necessary. It is well settled that an "appellee may, without taking a cross-appeal, urge in support of a decree any matter appearing in the record, although his argument may involve an attack upon the reasoning of the lower court or an insistence upon matters overlooked or ignored by it." *Massachusetts Mutual Life Ins. Co. v. Ludwig*, 426 U.S. 479, 480-81 (1976), quoting, *United States v. American Ry. Exp. Co.*, 265 U.S. 425 (1924).

RKO denied that the story was in the public domain. RKO Answer, A1062-66. In addition, RKO counterclaimed alleging that Universal's unauthorized production infringed RKO's King Kong copyright and constituted unfair competition by, among other things, diluting RKO's rights in the title and character of King Kong. RKO Counterclaim, A1067-73. Universal specifically denied these allegations. Universal Reply, A1074-77.

DDLC counterclaimed that the name, character and story of King Kong had acquired a secondary meaning and that Universal's production constituted wrongful misappropriation and passing off. DDLC Answer and Counterclaim, A1078-1113. Universal denied that the name, character and story had any secondary meaning and denied that its production constituted copyright infringement because the story was in the public domain. Universal Reply, A1114-20.

Defendant Richard Cooper denied that the King Kong story had fallen into the public domain, and crossclaimed against RKO that he was the successor to the exclusive rights in King Kong which had been owned by his father, Merian Cooper, the creator of "King Kong." Cooper Cross-Complaint, A1123-38. Cooper said that his father had only contracted with RKO to allow RKO to make and own the 1933 King Kong photoplay and that, because of this limited grant, all other commercial exploitations of the name, character and story of King Kong undertaken by RKO since 1933 were for Cooper's account. *Id.*

The issue of King Kong's secondary meaning — i.e., association in the public's mind with a single source — was actively litigated by RKO, Cooper and Universal during discovery and trial.² Universal introduced substantial evidence to show that any claimed trademark rights in King Kong had been diluted by pervasive, unauthorized third party uses. Appellate Briefs, A998-1008; Transcript of Proceedings, A1139-95. Universal argued for a finding of "no secondary meaning [on the basis of] evidence that other people, other users, have used the same mark that [RKO] lays claim to." Transcript of Proceedings, A1184. In closing, Universal argued to the court: "We don't think King Kong can be a

2. DDLC had entered into a settlement with Universal before trial and its counterclaims were dismissed with prejudice. Stipulation, A1121-22.

trademark because of the dilution, because of its usage in the English language. So much so that it's been diluted beyond RKO." Transcript of Proceedings, A1186.

The court ruled in favor of Universal declaring that: (1) The story of King Kong was in the public domain; (2) Universal could use and exploit any and all elements of the story of King Kong which was in the public domain; and (3) RKO would take nothing by reason of its counterclaim which was dismissed on the merits. Universal Judgment, A1196-99. In connection with the entry of this judgment, the court made certain findings of fact and conclusions of law, including:

4. During the past 17 years, many literary properties, songs and phonograph record albums have been published and copyrighted by parties other than RKO in the United States using the name and title "King Kong." The name "King Kong" has also during such period been used by parties other than RKO in various printed cartoons and comic strips in the United States. There is no evidence that any of the aforesaid uses of the name and title of "King Kong" were licensed by RKO.
5. There is no evidence that the title 'King Kong' has a secondary meaning by which the public identifies such title with RKO or the Motion Picture.
6. The name King Kong has become part of the ordinary English language.

Findings of Fact and Conclusions of Law, A1200-16.

The court also held for Richard Cooper on his cross-claim that, notwithstanding its finding for Universal that King Kong was no longer a protectible property right, Cooper had inherited from his father certain contract rights against RKO. Specifically, the court held that Cooper should recover all profits earned by RKO from the licensing and use of King Kong, except profits from the 1933 movie and one sequel which remained RKO's exclusive property under its contract with Cooper's father. Cooper Judgment, A1217-20.

Universal objected to the findings of fact and conclusions of law proposed by Cooper, arguing that: (1) they did not make clear that no one could assert any rights in the King Kong story for the period after which it had fallen into the public domain; and (2) that it was "logical" that the court's "findings and conclusions on Cooper's Cross-Complaint were subordinate to its findings and conclusions on Universal's Complaint." Universal Objections, A1221-26. The court ultimately stated, *inter alia*, that (1) the Cooper Judgment did not affect the finding that the story was in the public domain, and (2) the findings of fact and conclusions of law underlying the Cooper Judgment "declare the rights as between Richard Cooper and RKO and do not affect any other entity or person." Cooper Findings of Fact and Conclusions of Law, A1227-50.

Promptly after entry of the judgment on Cooper's cross-claim ("Cooper Judgment") and the declaratory judgment for Universal ("Universal Judgment"), Cooper agreed to assign to Universal whatever rights he might have in King Kong including all of his contract rights against RKO under the Cooper Judgment. Cooper, however, reserved whatever rights might still exist to book publishing in King Kong and the right to receive certain licensing revenues. Cooper Agreement, A1251-59. Several years later while the case was on appeal, RKO gave Universal a highly favorable settlement, and the Universal Judgment was vacated on stipulation.

Despite this undisputed history, Universal now claims exclusive rights in "all trade name, trademark, servicemark and other rights in the name, character and story of King Kong" (Complaint A15-16 at ¶6) on the basis of the Cooper Judgment, which allegedly conveyed trademark rights to Cooper from RKO, and the Cooper Agreement, which allegedly vested these rights in Universal.

2. Universal's Use of King Kong and Its Misappropriation of Donkey Kong

As Judge Sweet noted, Universal's exploitation of King Kong has been confined to some alleged plans to exploit King Kong in two tour attractions in the future and to the granting of four marginal licenses (only one of which resulted in the marketing of any products prior to the initiation of this lawsuit). Opinion at A167-68. Prior to the marketing of Donkey Kong, Universal had derived revenues of less than \$3300 from a single King Kong license. This license, a renewal

of an old RKO license for Halloween masks, has now expired. A1404.

Almost one year after the initiation of this lawsuit, Universal, amidst much confusion, granted a license to display a King Kong balloon atop the Empire State Building for a fee of \$1000. Universal, RKO, and the licensee were in a quandary as to whether RKO or Universal could grant the license since RKO continues to hold the exclusive copyright to the 1933 movie and all scenes depicted therein (*see infra* at IVB). Also well after the marketing of Donkey Kong, Tiger Electronic Toys, Inc. was licensed to produce nonarcade hand-held games and home video cartridges. This license is the subject of a pending counterclaim in this action since Tiger crudely copied the copyrighted game play in Donkey Kong. A1406-10. Universal has been unable to say that its final license to National Electronics & Watch Co. Ltd., issued in March 1983 (A1412-18), has yielded any revenues or that any King Kong products have been produced pursuant to its terms. Opinion at A167-68.

Despite Universal's efforts on this appeal to create the illusion that it has created and exploited a valuable trademark in King Kong from 1980 independent of the activities of RKO (an argument never presented to the district court), the only substantial value derived by Universal from King Kong has been to use King Kong to threaten certain Nintendo licensees. In April 1982, almost nine months after Nintendo began marketing its extraordinarily successful Donkey Kong game, Universal asserted that Nintendo's product infringed its alleged rights in King Kong. Universal did not seek preliminary relief against the alleged irreparable injury to its rights. Instead, it set out to secure a share in Nintendo's success by obtaining royalty agreements from Nintendo's licensees for a percentage of the gross sales of Donkey Kong.

During the two months between its original threat and instituting this lawsuit in June 1982, Universal extracted a royalty agreement from Coleco Industries, Inc. ("Coleco"). A1443-46. Universal knew that, irrespective of the merits of its claim, Coleco was not in a position to resist. *See* A975-76 at ¶¶8-9; A981 at ¶¶3,4; A373. Coleco had staked its corporate future on widespread distribution of Donkey Kong. *Id.* Universal agreed not to sue Coleco, and Coleco agreed to pay Universal three percent of its sales revenues. Universal further agreed not to seek a preliminary injunction or take any other

immediate action against Nintendo or anyone else which might adversely affect Coleco's marketing and distribution of Donkey Kong. See A977-78 at ¶¶ 13,14; A981 at ¶¶ 5,6.

When the agreement was signed between Universal and Coleco, Nintendo had sold approximately 60,000 Donkey Kong video arcade games. During the next year, Coleco sold over six million Donkey Kong cartridges for use in its ColecoVision home video game and in home games manufactured by Atari and Mattel. A978 at ¶ 16. Each one of these six million cartridges bears the Nintendo name and trademark "Donkey Kong", but no mention of Universal or any disclaimer designed to eliminate purported consumer confusion. A978-79 at ¶ 17. By the time Nintendo filed its summary judgment motion, Universal had already received almost \$4 million from Coleco's sales. *Id.*

In January 1983, Universal secured an identical agreement from Atari which was developing Nintendo's Donkey Kong game for use with home computers. A1447-50. Atari was pressured into the agreement because its parent corporation, Warner Communications, Inc., had extensive business relationships with Universal in other areas, and Atari was instructed by its parent to execute the agreement irrespective of the merits of Universal's claims. A984 at ¶¶ 6-7.

Universal also entered into an agreement with Ruby-Spears Enterprises, Inc. which was developing a television cartoon series based upon Nintendo's Donkey Kong game. A1451-56. In this case, not only did Universal bargain for and receive a royalty for each Donkey Kong episode developed by Ruby-Spears, it also bargained for and received the right to distribute the cartoon series worldwide. *Id.* As a result, Universal has become actively engaged in distributing television programs which, in each case, include prominent acknowledgments of Nintendo's exclusive trademark rights in Donkey Kong and no mention of Universal.

3. The Origin and Development of Donkey Kong

The audio-visual game which ultimately came to be known as Donkey Kong originated in the creative department of Nintendo Co., Ltd. in March 1981. A404-06; A633-35. Nintendo intended to develop a game based on the Popeye cartoon characters. *Id.* A game board was designed which would allow a player to maneuver Popeye up a series of gangways and ramps in a port scene to rescue his girlfriend, Olive Oyl.

from the villain character, Bluto, while avoiding various objects, such as barrels, thrown at him by Bluto from the top of the screen. A413; A635-38; A664. During the game development, the available technology was found not sufficiently advanced to portray the Popeye characters with adequate clarity on a video game screen.³ A408; A638. A decision was made to simplify the characters; but the basic game structure would remain a comic hero figure who could be maneuvered up ramps to rescue a girl held at the top by a humorous villain character. A638.

With the change in characters, the game concept was altered from a port scene to a construction site. The ramps in the game screen were not changed, but the gangways became the girders of an unfinished building. Popeye became "Mario the Carpenter", Olive Oyl became the pigtailed girl who is the object of Mario's rescue attempts, and Bluto became a comical gorilla intended to give an impression similar to that of the original brutish but comical Bluto character. A419; A641. The spinach which had endowed Popeye with special powers became a hammer. A641-42. Except for these changes, the game remained virtually identical to the original drawing, and the overall visual impression of the game remained the same. Compare A664 and DX-1 Exs. 7-11.

After the alteration of the game concept, the developers began informally referring to the game as the "Table Kong Game." A669-71. The gorilla character was sometimes informally referred to as gorilla, Kong and King Kong by the two individuals directly working on the project. A417-18; A640. Both of these individuals were aware of the film classic "King Kong" and other ape or gorilla portrayals, and for both the word "Kong" was synonymous with a gorilla in general. A414-15; A642-43.

The process of naming the game was informal. There was a general desire to have a name which would convey the image of a comical or stupid gorilla in keeping with the humorous intent of the game. See A624; A647. The word "kong" was suggested because it was believed that kong would be

3. The technology has since become available, and Nintendo now produces a video arcade game Popeye, under license from King Features, with whom Nintendo has had a long licensee relationship. Nintendo Supplemental Response to Interrogatory 2.

readily understandable as denoting a gorilla. See A625; A628; A642-43; A647. The word "donkey" was chosen by consulting a Japanese/English dictionary which gave "donkey" as a translation for a Japanese word meaning stupid or "goofy". A626-27.

A trademark search was then conducted in Japan, and it was determined that the name Donkey Kong was available for use. A390; A661-63. A Japanese trademark registration was subsequently obtained by Nintendo. A872 at ¶2. Before the game was introduced into the United States, a United States trademark search was conducted, and an unqualified opinion of counsel was obtained that Donkey Kong could be registered. See A873-74 at ¶¶3-5; A886-88. An application for registration in the United States Patent and Trademark Office is pending.⁴ A Japanese copyright and a United States copyright were also obtained for the Donkey Kong game. A874 at ¶6.

Immediately upon its introduction into the United States market in July 1981, Donkey Kong was a major commercial success. A266-67. Nintendo has received over \$180 million from the sale of approximately 60,000 Donkey Kong video arcade games in the United States and Canada. Nintendo Responses to Interrogatories 28 and 29. In addition, Nintendo has licensed its trademark in the name and characters of Donkey Kong to over 50 licensees for use in connection with a large variety of products and has received over \$8.5 million from these licenses. Nintendo Responses and Supplemental Responses to Interrogatories 30 and 31. All Donkey Kong products are clearly marked with Nintendo's trademark and copyright notices to indicate their source of origin with Nintendo. See A877 at ¶15. In addition, Nintendo carefully polices the marketplace to combat infringements of its valuable copyrights and trademarks. See Schoenecker Deposition 49-94.

4. The United States Patent and Trademark Office, finding no conflict in its records in the relevant class, approved Nintendo's application for Donkey Kong and published the application for opposition as the last step before the registration becomes final. Final registration is now stayed by agreement because of this litigation. See A877 at ¶14; A971-72.

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III SUMMARY OF ARGUMENT

The 1933 movie "King Kong" is a film classic. The story of the giant gorilla, fatally attracted to the beautiful woman; brought in chains to the mecca of civilization, New York; and then escaping, only to meet his death with the woman in his arms atop the tallest building in the world, at the hand of the modern weapon — the airplane, captured the imagination of the movie-going public around the world. The spectacular special effects in the twentieth century retelling of the beauty and the beast fable made King Kong a towering episode in the development of cinematography.

The question presented to Judge Sweet, however, was not the classic status of King Kong, but whether King Kong was a trademark owned by Universal. If King Kong does not designate a single source of origin when the name or graphic image is applied to a product, or if Universal, which had no part in the creation or development of King Kong has no valid claim to King Kong, then Universal has no basis for claiming trademark infringement, unfair competition or dilution by Nintendo. Judge Sweet correctly found that the documents relied on by Universal as the origin of its alleged trademark rights in King Kong conveyed no such rights and that, on their face, they have so divided the property among competing parties that King Kong can not designate a single source of origin which is the *sine qua non* of a trademark.

In the mid-1970's, Universal wished to make a new version of the classic movie "King Kong." It sought, and thought it had obtained, a license from RKO to do so. When RKO licensed another producer instead, Universal went to court to establish that King Kong could not be claimed as an exclusive property right by anyone and that Universal was free to make its own movie. It brought suit against RKO; RKO's licensee, Dino DeLaurentiis Corporation; and Richard Cooper, the son of the original author of the King Kong story and the heir and assignee of his father's rights. In prevailing, Universal established that King Kong could not be a trademark; that its significance had been diluted beyond RKO; and that "King Kong" had become a part of the ordinary English language.

The litigation also established that RKO had not been granted any rights to King Kong by Cooper's father, other than the right to make and copyright the classic movie and one sequel. RKO's merchandising and other exploitation of King

Kong since 1933, which allegedly established King Kong as a trademark, was found to be a violation of the original contract between Cooper's father and RKO. Cooper was entitled to certain contract damages. The judgment for him stated that it did not affect the concurrent declaratory judgment for Universal and had no affect on the rights of third parties. Universal cannot now claim that it has succeeded to a trademark by virtue of its having succeeded to the Cooper Judgment since the very terms of that Judgment make clear that there was no trademark in King Kong to be conveyed. Even if a trademark had existed, the terms of the Judgment would have conveyed a trademark in name only without its associated business goodwill resulting in its destruction as a matter of law.

The litigation in California had still another consequence: the "rights" to King Kong were definitively and, yet, confusingly, split among so many different sources that Universal cannot today state with authority to anyone, even to its own personnel, what rights it has to exploit in the alleged King Kong trademark. Contemporaneously with this lawsuit, Universal instructed its own employees that, when developing a Universal King Kong exhibit, care must be taken not to use the graphic image of the ape character in the RKO classic or the Dino DeLaurentiis remake. Instead, they were told to use the image of a generic ape, a zoo ape, or an ape from wild life.

Sophisticated businessmen who wish, for whatever reason, to obtain a license to use the name and graphic image of King Kong, are shunted back and forth between Universal and RKO. The classic image of King Kong atop the Empire State Building in the 1933 movie, according to RKO, must be licensed from RKO for any use in commerce. RKO maintains that it has the exclusive right to grant licenses for certain uses of these movie stills, such as in advertisements. Nevertheless, any such use, according to RKO and Universal, must be licensed from both Universal and RKO if the image is to be used in merchandising such as on a poster or postcard. A name or a graphic image only has a trademark significance if it unequivocally conveys to the consumer that it originates from a single source. Today, King Kong has no such significance.

Entirely apart from the division of the property in the 1976 litigation, the undisputed evidence before the court below was that King Kong has been generally appropriated by the

public as a term without trademark significance. It is a widely known name of a classic movie; it is the name of a famous character in the movie; it is a commonplace metaphor in the English language; and it is a frequent literary allusion. The graphic image of a huge gorilla atop a skyscraper, cradling a beautiful woman, has become one of the most famous embodiments of the beauty and beast imagery, and its derivative - the ape and the woman. The movie's very fame probably doomed any effort to create a secondary meaning for King Kong, but the uncontrolled and, perhaps, uncontrollable usage by third parties and the multiple and conflictingly confusing sources for various aspects of that which made King Kong famous have been fatal to its trademark significance. King Kong, either the name or the graphic image from the movie, means many things to many people; alone or together they connote strength, size, terror, monstrosity, power, and so forth. They do not, however, denote a single source of origin, a brand, indicating to the consumer that a product bearing the mark originates from a single producer.

The peculiar and convoluted history of King Kong since 1933 and the amazing reversal of Universal's position on the trademark status of King Kong since its litigation in California separate this case from the more typical trademark infringement actions. However, even if the name and a specific graphic image were a trademark and the district court had been only confronted with the more usual question of whether the defendant had adopted a mark which is confusingly similar to that of the plaintiff, judgment against Universal as a matter of law was still mandated.

Universal was strikingly unwilling to specify the specific nature of its claim to the mark and the alleged infringement in the court below. Its position was that a comparison of the 1933 movie and the 1976 remake with Nintendo's Donkey Kong game demonstrates the "obvious" similarities and the likelihood of confusion. But there is no evidence of actual confusion, even though, at this point, approximately 7 million products bearing the Nintendo Donkey Kong trademark have been sold in the United States. On each of these products, the source is prominently identified: Nintendo, the owner of the copyrighted game and the trademark Donkey Kong. When Judge Sweet, as invited by the plaintiff, made the comparison between Nintendo's Donkey Kong game and the RKO and Dino DeLaurentiis movies and various promotional materials, the impossibility of any confusion between the two marks was

so manifest to him that judgment was entered against Universal on this independent ground.

There is still further reason for entering judgment against Universal. If King Kong is a trademark, Universal has been unsuccessful in developing any market for King Kong products. Nintendo's Donkey Kong, on the other hand, has been a major commercial success. Universal, showing a marked willingness to subvert its alleged mark for profit, has entered into agreements with three major Nintendo licensees. In each case, these agreements were brought about by Universal's threats of litigation against targets who were vulnerable for reasons other than the merits of Universal's claim. In each case, Universal agreed to permit the Nintendo licensees to distribute Donkey Kong products under the Nintendo mark and under Nintendo's exclusive control for a share of the revenues generated by the sales. In the case of a television cartoon series, Universal went even further; it agreed, for a fee, to distribute the Donkey Kong television series throughout the world. As a matter of law, Universal's conduct constitutes an abandonment of its claimed mark, King Kong, or a conclusive admission that the purchaser of a Donkey Kong product would not be misled into believing that it originated with the owner of the alleged King Kong mark.

Finally, Universal's conduct in bringing an action in the California district court in which it succeeded in having the King Kong property declared an unprotectible property and then arguing the exact opposite in the New York courts as convenience dictates is an example of a party playing fast and loose with the courts. Either the California court was misled, or this court is being misled. Under such circumstances, Universal should be judicially estopped in the present action.

IV ARGUMENT

A. THE DISTRICT COURT WAS CORRECT IN CONCLUDING THAT UNIVERSAL NEVER ACQUIRED ANY TRADEMARK RIGHTS IN KING KONG

Universal relies on the Cooper Judgment and the Cooper Agreement as the source of its alleged trademark rights in King Kong. As Judge Sweet correctly perceived and counsel for Universal acknowledged, the legal effect of these documents, as allegedly vesting a trademark in Universal, is a

question of law properly resolved by the court on motion for summary judgment. A126; A130-31. See, e.g., *Holland Ind., Inc. v. Adamar of New Jersey, Inc.*, 550 F. Supp. 646, 648 (S.D.N.Y. 1982); *Owens Generator Co., Inc. v. H.J. Heinz Co.*, 214 F. Supp. 864, 866 (N.D. Cal. 1961), *aff'd*, 314 F.2d 66 (9th Cir.), *cert. denied*, 375 U.S. 815 (1963). This is especially true where the court is called upon to interpret the meaning and effect of a prior judicial document such as the Cooper Judgment. See, e.g., *United States v. Reader's Digest Ass'n, Inc.*, 662 F.2d 955, 961 (3d Cir. 1981), *cert. denied*, 455 U.S. 908 (1982).

Universal's alleged trademark lineage for King Kong is as follows: (a) RKO created the King Kong trademark by exploiting the goodwill associated with the 1933 movie through December 6, 1976 when (b) the California district court held in the Cooper Judgment that as between Cooper and RKO, Cooper owned the rights to King Kong other than the rights in the 1933 movie and one sequel movie which remained the property of RKO, and then (c) Cooper sold these rights to Universal by the Cooper Agreement. Opinion at A176. Allegedly, these rights included the trademark which had been created by RKO. But, no trademark was conveyed to Cooper by the Cooper Judgment, and he owned no mark to sell to Universal.

1. The Cooper Judgment Did Not Purport to Convey a Trademark to Cooper

The Cooper Judgment was handed down concurrently with the declaratory judgment in favor of Universal declaring that King Kong could not be a trademark. The Universal Judgment and its underlying findings declared that: the King Kong story was in the public domain; the King Kong title had not acquired secondary meaning; the King Kong name had become a part of the English language; RKO could not assert unfair competition claims on the basis of the King Kong name, character and story; and Universal could exploit all aspects of King Kong which were in the public domain free from any claim of right by RKO or Cooper. While the California court found that the King Kong property had become unprotectible, it also found that RKO had violated its contract with Cooper.

Universal was concerned that there might seem to be a conflict between the two Judgments. Thus the Cooper Judgment specifically provided that "this judgment shall not effect [sic] the finding [in the Universal Judgment] that the

serialization and novel KING KONG are in the public domain," and, at Universal's insistence, the underlying findings stated that they "declare the rights as between Richard Cooper and RKO and do not effect [sic] any other entity or person." A1220; A1250. By its very terms, the Cooper Judgment and the underlying findings make clear that the Judgment does not convey any trademark or other rights which would be enforceable against other entities or persons.

Judge Sweet's decision did not rest on the qualifying terms which were inserted into the Cooper Judgment and its findings to ensure that the Cooper Judgment did not conflict with the Universal Judgment. Instead, Judge Sweet went on to analyze whether, apart from these terms, a trademark could have inadvertently passed.

2. The Cooper Judgment Did Not Convey Any Trademark Rights Because It Failed to Transfer the Requisite Goodwill

Trademarks are integral and inseparable elements of the goodwill of the business to which they pertain. Opinion at A177-78. See also *Visa, U.S.A., Inc. v. Birmingham Trust Nat. Bank*, 696 F.2d 1371 (Fed. Cir. 1982), *cert. denied*, 104 S. Ct. 98 (1983); *Avon Shoe Co. v. David Crystal, Inc.*, 171 F. Supp. 293 (S.D.N.Y. 1959), *aff'd*, 279 F.2d 607 (2d Cir.), *cert. denied*, 364 U.S. 909 (1960). The Supreme Court stated in its classic pronouncement that:

[Plaintiff's argument] is based upon the fundamental error of supposing that a trademark right is a right in gross or at large.... There is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed.... [T]he right to a particular mark grows out of its use, not its mere adoption....

United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918). See also *American Steel Foundries v. Robertson*, 269 U.S. 372 (1926); *American Footwear Corp. v. General Footwear Co. Ltd.*, 609 F.2d 655 (2d Cir. 1979), *cert. denied*, 445 U.S. 951 (1980); *Dynamet Technology, Inc. v. Dynamet, Inc.*, 593 F.2d 1007 (C.C.P.A. 1979). No property right in a trademark arises, therefore, except in connection with its use by an existing business entity.

A consequence of this functional status of a trademark is that a trademark cannot be conveyed separately from the business goodwill it represents either by contract or judicial decree. Severance of the mark from the business goodwill it represents effects an abandonment of rights in the mark as a matter of law since consumers can no longer rely on it to designate a particular source of origin for goods originating with a particular business. See, e.g., *Haymaker Sports, Inc. v. Turian*, 581 F.2d 257 (C.C.P.A. 1978) (assignment of brand name apart from ongoing business producing the branded product invalid); *Johanna Farms, Inc. v. Citrus Bowl, Inc.*, 468 F. Supp. 866 (E.D.N.Y. 1978); *Otis Elevator Co. v. Echlin Mfg. Co.*, 187 U.S.P.Q. 310 (T.T.A.B. 1975).

Judge Sweet recognized that to the extent Universal now argues that the Cooper Judgment unwittingly conveyed a trademark, it could only have been an invalid conveyance of the mark divorced from the business goodwill of RKO. Opinion at A178-79. As Universal has acknowledged (Univ. Br. 9), the Cooper Judgment was entered simply to remedy a breach of contract whereby RKO had exceeded its limited contractual rights *vis a vis* Cooper's father. RKO was ordered to pay over to Cooper the revenues from the unauthorized exploitation of King Kong and also to pay the revenues to be earned in the future under existing license agreements. Although the Cooper Judgment declared that as between Cooper and RKO, Cooper had all rights in King Kong pursuant to his father's contract (other than RKO's 1933 movie and one sequel) and ordered a disgorgement of revenues, nothing in this simple declaration of contract rights purported to assign the ongoing business goodwill which had been developed by RKO over four decades.

On this appeal, Universal places special reliance on clause six of the Judgment which ordered RKO to assign all outstanding licenses to Cooper "by which RKO has or will obtain money as a result of the use of the name, character, and/or story KING KONG." Univ. Br. 18. Allegedly this clause amounts to an assignment to Cooper of RKO's business goodwill associated with its merchandising business. Clause six was merely one of several means prescribed in the Judgment to ensure that Cooper received monies due him under his father's contract. The next two clauses of the Judgment anticipate those licenses which by their terms could not be assigned to Cooper and ordered RKO to account and pay over to Cooper the monies received thereunder. A1296.

Apart from the terms of the Cooper Judgment, it is clear on the undisputed facts that the entry of the Cooper Judgment in 1976 did not effect a conveyance of RKO's ongoing business goodwill. Indeed, after the Cooper Judgment was entered and the Cooper Agreement executed, Universal concedes that RKO continued through its licensees, DDLC and Paramount Pictures Corporation, to exploit King Kong, and the undisputed record shows that RKO alone continued to police the use of King Kong in the marketplace. *See, e.g.,* A720; A1371; A1398; and Regan Dep. Ex. 90. By Universal's own admission, Cooper served only as a conduit between RKO and Universal for whatever rights he succeeded to under the Cooper Judgment when it was entered in 1976 and never developed a trademark in King Kong for himself.⁷ Univ. Br. 11; 22 n.15. Also by Universal's own admission, it had no involvement with the King Kong mark until 1980 when it wrote RKO, Paramount and DDLC that it then intended to "begin its KING KONG merchandising efforts." Univ. Br. 12.

If Universal truly believed that a trademark and its concomitant goodwill had been conveyed from RKO to Cooper and thence to Universal under the Cooper Judgment and

Opinion at A177. Universal cites *Johanna Farms, Inc. v. Citrus Bowl Inc.*, 468 F. Supp. 866 (E.D.N.Y. 1978) in support of its proposition that it could effectively pluck a King Kong trademark out of the air and claim it for its own. In *Johanna Farms*, no tangible assets were conveyed to the assignee of the trademark, but the assignee had been functioning as a supervised licensee of the assignor two years before it received actual title to the trademark. Thus, when title to the trademark was assigned, it simply continued to designate the goodwill previously established by the assignee under a license. Judge Sweet correctly found, therefore, that *Johanna Farms* did not support Universal. Indeed, insofar as *Johanna Farms* is relevant to this case, it held:

the transferor may possess the genuine intent to maintain the viability of the mark, but if he transfers the mark without the concomitant goodwill, his good intentions will not breathe life back into the devitalized mark . . . such a transfer . . . is tantamount to an abandonment.

468 F. Supp. at 879.

7. The Cooper Judgment was initially entered as an interlocutory judgment in 1976 declaring Cooper's rights. A1217-20. It was interlocutory pending an accounting of monies owed by RKO to Cooper and was entered in final form in 1980 after the accounting was complete. The substantive terms of the interlocutory and final judgments are identical, and citations to the Cooper Judgment herein are to the final judgment.

Cooper Agreement in 1976 (See Univ. Br. 9; 18; 22), it was then under an obligation to assume control of the mark and its licensees or risk abandonment. See, e.g., *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358 (2d Cir. 1959). Instead, it left the ongoing King Kong business to RKO. The reason for its apparent abdication after 1976, of course, was that it was in the Court of Appeals for the Ninth Circuit continuing its argument in support of the Universal Judgment that King Kong could not be a trademark or any other protectible property interest. See A1006. It was not until June 4, 1980, when Universal reached its settlement with RKO (A1260-69), that it attempted to erase the record by vacating the Universal Judgment on stipulation and claimed that a trademark had been vested in it since 1976.

The relevant material facts are not in dispute. Judge Sweet correctly found that the Cooper Judgment did not intentionally or inadvertently vest Cooper in 1976 with a business goodwill and trademark allegedly associated with King Kong. Opinion at A177-79.⁸

8. It was Universal's consistent position stated in its complaint, interrogatory responses, and in argument to the court below that it was the heir to trademark rights created in King Kong by the activities of RKO since 1933 (and the activities of DDLC as RKO's licensee from 1975-1980). See, e.g., Complaint A15-18; A126; A238. After losing below on its argument that it could lay claim to these rights allegedly developed over this period, it now suggests as an alternative theory for the first time on this appeal that the mark was abandoned by RKO in 1976 and that it has resurrected the mark and vested it in itself through its licensing activities since 1980. This argument is predicated on a so-called "first use after abandonment" theory. Univ. Br. 23. Because Universal failed to make this argument below, it is barred from raising it now on appeal. See *Schwimmer v. Sony Corp. of America*, 637 F.2d 41, 49 (2d Cir. 1980); *Radix Organization, Inc. v. Mack Trucks, Inc.*, 602 F.2d 45, 48 (2d Cir. 1979).

Even if Universal's alternative argument were properly before this Court, it is clear, on the undisputed facts, that after 1976 and before 1980 only RKO and its licensees continued to exploit the property. See Univ. Br. 11-12. Also, as discussed *infra*, RKO has continued to exploit the property after 1980. Moreover, Universal's apparent assumption that any fleeting use after abandonment can vest the first user with the mark is incorrect. Universal's "use" of the alleged King Kong mark since 1980 through its few marginal licenses discussed above in the counterstatement of facts is but a "meager trickle", insufficient as a matter of law to vest Universal with any trademark rights. See *La Societe Anonyme des Parfums Le Galion v. Jean Patou, Inc.*, 495 F.2d 1265, 1272 (2d Cir. 1974). See also *CBS, Inc. v.*

3. Any No. Judge Sweet observed that RKO's business goodwill was injured to Cooper's benefit only if he had supervised RKO's resulting goodwill in mark and trademark in benefit of the licensor under a valid trademark supervised by the owner of his goodwill as the owner of H. W. H. Publishing Co. denied, 389 U.S. 1006 (1968).

The controlled dissemination of licenses is entirely distinct from uncontrolled dissemination. See A472. license the right to use his and quality of the goods and unauthorized use, the mark the licensor's goodwill, a See, e.g., *Haymaker Sports Saffir Publishing Corp.*, 1978). See generally J. Practice § 3.06 (1982); J. Competition § 17.5 (1973) owner of an existing trademark by permitting licensed uses, a fortiori, an property himself to establish same unauthorized and trademark rights in him.

Logical Games, 719 F.2d 1237 (2d Cir. 1983). *See Kaufman*, 669 F.2d 8 (2d Cir. 1981). *See* *Sutton Cometics (P.R.) v. La Sutton*, the contrary. In *Sutton*, the abandoning party, continued the mark and made "extensions" Universal can make no such claim.

3. Any Trademark Rights Created By RKO
Could Not Have Inured to Cooper's Benefit

Judge Sweet observed that absent a genuine conveyance of RKO's business goodwill, any secondary meaning created by RKO in the name, character and story of King Kong could have inured to Cooper's benefit in establishing a trademark only if he had supervised RKO's activities over the years pursuant to a valid license. Opinion at A177. A licensee's use of a mark and resulting goodwill are generally held to inure to the benefit of the licensor in establishing a trademark because, under a valid trademark license, such use is controlled and supervised by the licensor to ensure that it continues to reflect his goodwill as the owner of the mark. *See generally Turner v. H M H Publishing Co.*, 380 F.2d 224, 229 (5th Cir.), *cert. denied*, 389 U.S. 1006 (1967).

The controlled dissemination of a trademark through licensees is entirely distinct from RKO's completely unauthorized and uncontrolled exploitation of King Kong for over four decades. *See* A472-75. When an owner purports to license the right to use his mark without controlling the nature and quality of the goods sold by the licensee or simply permits unauthorized use, the mark loses its significance as a symbol of the licensor's goodwill, and the mark is deemed abandoned. *See, e.g., Haymaker Sports*, 581 F.2d at 261; *I.H.T. Corp. v. Saffir Publishing Corp.*, 444 F. Supp. 185, 189 (S.D.N.Y. 1978). *See generally* J. Gilson, *Trademark Protection and Practice* § 3.06 (1982); J. T. McCarthy, *Trademark and Unfair Competition* § 17.5 (1973 and December 1982 Supp.). If an owner of an existing trademark jeopardizes his claim to the trademark by permitting uncontrolled licensing or unauthorized uses, *a fortiori*, an alleged owner who has not used his property himself to establish a trademark cannot rely on these same unauthorized and unsupervised activities to establish trademark rights in him. Assuming, therefore, that RKO had

Logical Games, 719 F.2d 1237, 1239 & n.8 (7th Cir. 1983); *Stern Electronics, Inc. v. Kaufman*, 669 F.2d 852, 857 (2d Cir. 1982); *DC Comics, Inc. v. Powers*, 482 F. Supp. 494, 497 (S.D.N.Y. 1979). Universal's citation to *Sutton Cosmetics (P.R.) v. Lander Co.*, 455 F.2d 285 (2d Cir. 1972) is not to the contrary. In *Sutton*, the first user purchased the business assets of the abandoning party, continued the very business previously conducted under the mark and made "extensive use" of the mark. 170 U.S.P.Q. at 463. Universal can make no such claim in this case. *See supra* IIB2.

established a trademark in King Kong, neither Cooper nor Universal, as Cooper's successor, has a claim to any of the goodwill represented by this trademark.

B. THE DISTRICT COURT WAS CORRECT IN CONCLUDING THAT KING KONG CANNOT BE A TRADEMARK BECAUSE IT DOES NOT DENOTE A SINGLE SOURCE OF ORIGIN

The identification of a single source of origin is the primary function of a trademark. *Clairol, Inc. v. Gillette Co.*, 389 F.2d 264, 269 (2d Cir. 1968). The owner of a mark may forfeit any claim of right in a trademark where he fails to ensure that the mark continues to represent his goodwill as the single source of origin. See *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358 (2d Cir. 1959). Even if Universal had succeeded to some of the goodwill RKO had developed in King Kong or developed some goodwill of its own, the undisputed facts demonstrate that the King Kong property and its associated goodwill have become so divided as to preclude its functioning as a trademark as a matter of law.

Judge Sweet recognized that the question of an alleged mark's ability to designate a single source such that it can be said to have secondary meaning normally raises "factual questions usually inappropriate for summary judgment," but he concluded that "where, as here, the relevant facts are undisputed and are so extreme that no reasonable trier of fact could find that secondary meaning exists, summary judgment is proper." Opinion at A183. Trademark claims should be dismissed before trial where, on the undisputed facts, it is clear that the alleged mark cannot designate a single source of origin. See *Superior Models, Inc. v. Tolkien Enterprises*, 211 U.S.P.Q. 587, 876 (D. Del. 1981). See also *Nestle Co., Inc. v. Chester's Market, Inc.*, 571 F. Supp. 763 (D. Conn. 1983); *Saratoga Vichy Spring Co. Inc. v. Lehman*, 491 F. Supp. 141 (N.D.N.Y. 1979), *aff'd on other grounds*, 625 F.2d 1031 (2d Cir. 1980).

RKO, Cooper, DDLC and Universal each claims separate and independent property interests in King Kong. Even

the documents Universal points to as allegedly establishing its exclusive rights⁹ establish that:

1. RKO is the exclusive owner of the 1933 movie and the sequel "Son of Kong" with the sole right to exhibit these movies, to duplicate or distribute in any medium copies or excerpts from these movies, and to use or to license the use of graphic depictions, stills and footage from these movies for various commercial purposes, *see* RKO Agreement, A1265 at ¶6; A435; A442-46;
2. Cooper is the owner of worldwide book publishing rights in King Kong including the right to make, distribute or license novels, comic books or magazine articles using the name, character and story of King Kong, *see* Cooper Agreement, A1253 at ¶3a; A439-41; and
3. DDLC is the exclusive owner of the 1976 King Kong movie with the sole right to exhibit this movie, to duplicate or distribute in any medium copies or excerpts from this movie and to use or license the use of graphic depictions, stills or footage from this movie for various commercial purposes, *see* RKO Agreement, A1266-67 at ¶9; DDLC-RKO Agreement, A677-708; A459-61.

Universal claims to have the balance of all rights in the name, character and story of King Kong. *See* Complaint A15-16 at ¶6.

9. Universal initially advanced four documents in the court below as the source of its alleged rights in King Kong although it now relies on only two of these documents. Apart from the Cooper Judgment and the Cooper Agreement now relied on, Universal identified its agreement with RKO whereby it settled the California King Kong litigation, and an Assignment of Causes of Action by RKO to Universal executed for this very litigation. A200-01. Although Universal now concedes that these latter two documents add nothing to its claim of rights in King Kong, they do show on their face certain of the competing rights existing in King Kong.

RKO has been the exclusive owner of the original King Kong film since 1933 and has continuously exploited its ownership to the present day. A435, A442-46. Not only has the movie been continuously exhibited in theatres, but RKO also presently licenses the use of still photographs and footage from the movie for various commercial uses as well as licensing distributors to distribute 16 millimeter reproductions for use in homes, hospitals and colleges, eight millimeter reproductions for home sales or rentals, and reproductions for home video cassettes and discs. A444-46.

It is RKO's position that Universal cannot use the scene from the 1933 movie depicting King Kong atop the Empire State Building or any other scene without first obtaining a license from RKO. A442. Nevertheless, when asked in this litigation to identify its particular trademark in King Kong which Donkey Kong allegedly infringes, Universal has pointed to the classic scene of King Kong atop the Empire State Building in the 1933 movie and scenes from the 1976 movie remake which are the exclusive property of DDLC. A239-40.

This division of rights has limited Universal's plans for King Kong despite its claims of exclusive ownership. While discussing a possible script for its own King Kong remake, a farce of the original King Kong, Mr. Sheinberg, the president of Universal, counseled his scriptwriter to:

consult with one of our in-house lawyers ... to be sure that we [do] not inadvertently infringe on any rights owned by RKO or otherwise — or indeed Dino DeLaurentiis ... both of those parties have protectible rights in the King Kong property ... [and Universal should not be] in the position of being infringers of those rights ... anything that was protectible in the particular screenplay or the photoplay of King Kong, in either of those two films, ... should not through inadvertence or worse be used.

A571-72. Although Universal may make a movie using a King Kong name, character or story, it must avoid any scenes which depict or closely resemble those which are the classic embodiment of any alleged trademark in King Kong. See RKO Agreement, A1265 at ¶6.

In planning a Universal Studios Tours attraction, Mr. Sheinberg advised the project manager to get "legal

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advice . . . so that we [don't] depict the ape or anything else that might be protectible." A578. The designer was informed that:

the King Kong character is not to be modeled after the ones used in either of the two motion pictures, but rather is to be based upon generic apes or an ape from a zoo or from wild life.

A825. Nothing is more extraordinary in this most extraordinary proceeding than to find the alleged owner of a trademark originating from the depiction of King Kong in the 1933 movie being forced to use a "generic" ape, a zoo ape, or a wild life ape, rather than the King Kong image with which the public allegedly associates the name, character and story.

Judge Sweet recognized that RKO's exclusive ownership of the 1933 movie has created problems and uncertainty for the few firms who have thought it necessary to obtain licenses for the King Kong property. Opinion at A168, A183. For example, when a potential licensee sought to use a scene from the 1933 movie in a magazine advertisement and on a poster, it became ensnared in this tangled web of ill-defined rights. RKO could license the use of the still in the advertisement since it has the exclusive right to the still; however, it could not license the poster since that might constitute "merchandising". A462. On the other hand, Universal could not license the poster without RKO's permission because it has no right to license a movie still. A462; A711-15.

Similarly, another potential licensee who first approached Universal to license King Kong for use in an advertisement was referred by Universal to RKO. RKO, however, did not know whether it had the exclusive right to license the proposed use. The potential licensee apparently became so fed up in its efforts to decipher who could license the stills or drawings of various scenes from the movie that it decided against using King Kong. A467-70. Further, when another licensee sought to put an inflatable King Kong balloon atop the Empire State Building, RKO first drafted a license and then decided it could not give permission since the effort might involve "merchandising rights", and the licensee was referred to Universal. A428-31; A464-65. Even after the balloon venture was underway, however, RKO's top management continued to question whether the proper licensor was RKO rather than Universal. See A488.

Universal claims the exclusive right to the television use of the King Kong name, character and story. A203-04. Despite this claim, RKO granted permission for a television commercial using an animated version of a large ape atop the Empire State Building even though no film footage or stills from the 1933 movie were to be used. A709-10. This division of rights in the King Kong property between RKO and Universal has created what has been termed by RKO as a "fuzzy area" in which no one seems quite sure who has what rights in King Kong. See A462.

In addition to the fragmentation of the King Kong property between RKO, Universal, Cooper and DDLC, King Kong is what Universal proved it to be in the California litigation - "a part of the ordinary English language" without any ability to designate a single source of origin. On its motion for summary judgment, Nintendo submitted a vast collection of some of the third party uses of the King Kong name, character and story in the public marketplace. See DX-2; DX-3. Nintendo set forth these uses in its 3(g) Statement (A864-67), and Universal never contested that:

- (1) There are innumerable published and commercial uses of the term "King Kong," and variations thereon without any reference to Universal or the makers of the movie;
- (2) There are innumerable commercial uses of the character "King Kong" and graphic image "King Kong" or close facsimiles without reference to Universal or the makers of the movie;
- (3) There are numerous third party trademark registrations of the name "King Kong" or variations thereof; and
- (4) The term "King Kong" is now defined in various dictionaries and is listed as a common noun in Roget's Thesaurus.¹⁰

10. Although Universal recognized that Judge Sweet did not ultimately rely on Nintendo's voluminous proof of third-party uses, it attempts to explain away these uses. Universal points to 61 examples in the Rovin affidavit which it states represent "gorilla images in literature, motion pictures and cartoons" and which it contends "cannot fairly be characterized as

Ultimately, Judge Sweet's finding of no secondary division of rights by DDLC "since such uses source of King Kong pro

trademark uses of the King Kong name, character and story. These exhibits were submitted to identify its mark any more than it happens to be extraordinary of a large building." On motion by Nintendo show that is a pervasive character from a single source of commercial use. Universal claims rights in "King Kong" and these 24 uses character. Next, Universal says that they "pose li Univ. Br. 27 n.21. Univ. of right in King Kong "business" and is unconce side of this market. Bu that these pervasive use ness have swallowed u DX-2 and DX-3.

Universal also King Kong trademark not evidence of actual (Univ. Br. 29). Judge also noted that they observation is appro trations and Univer (A252-58) supports Co. v. American B Universal's assertio King Kong is incor and uses submitted "King Kong" for f "King Kong" for Pong" for sportin toys; Cheng Kong "King" candy; an

Ultimately, Judge Sweet did not rest his decision on this overwhelming and uncontested evidence of third party use. Opinion at A184. He said, however, that this evidence supports his finding of no secondary meaning based on the undisputed division of rights between RKO, Universal, Cooper and DDLC "since such uses add to consumer confusion about the source of King Kong products and make it even less likely that

trademark uses of the King Kong name or character." Univ. Br. 27 n.21. These exhibits were submitted, however, in response to Universal's refusal to identify its mark any more definitely than rights in "a *particular* gorilla, one who happens to be extraordinarily large and who holds a female captive on top of a large building." Opinion at A180-81. These and other exhibits submitted by Nintendo show that Universal's amorphous claim is no more than in a pervasive character from the "beauty and the beast" genre incapable of denoting a single source of origin. Universal then attempts to dismiss 24 exhibits of commercial uses of the character King Kong stating that these uses do not use the name "King Kong." As discussed *infra*, however, Universal claims rights in this case in the "name, character and story of King Kong," and these 24 uses are just some examples of third-party uses of the character. Next, Universal dismisses 16 exhibits in the Rovin affidavit saying that they "pose little threat to Universal's entertainment business." Univ. Br. 27 n.21. Universal is apparently now content to restrict its claim of right in King Kong to whatever it determines is the "entertainment business" and is unconcerned with uses of its purported mark by those outside of this market. But the exhibits submitted by Nintendo demonstrate that these pervasive uses both inside and outside of the entertainment business have swallowed up whatever uses can be claimed by Universal. See DX-2 and DX-3.

Universal also attempts to discount the relevance of the numerous King Kong trademark registrations held by third parties, arguing they are not evidence of actual use. Univ. Br. 28. Contrary to Universal's assertions (Univ. Br. 29), Judge Sweet did not rely on these registrations and he specifically noted that they are not evidence of actual use. Opinion at A184. His observation is appropriate, however, that the undisputed fact of these registrations and Universal's concession that at least some of them are in use (A252-58) supports his finding of no secondary meaning. Cf. *Lever Brothers Co. v. American Bakeries Co.*, 693 F.2d 251 (2d Cir. 1982). Moreover, Universal's assertion that these registrations are abandoned or dissimilar to King Kong is incorrect. Among the active registrations, current applications and uses submitted to the court below were: "King Kong" for footwear; "King Kong" for fireworks; "King Kong dekenzo" for perfume and/or cosmetics; "King Conga" for drums; "King Congo" for rugs or carpets; "King Pong" for sporting articles; "The Amazing Kong" and "Kong" for stuffed toys; Cheng Kong for sporting articles; "Kong" for ignition devices; "King Kong" candy; and "King Kong" as the tradename of various businesses.

consumers will believe King Kong to designate a single product source." *Id.*

In the face of these multiple claims to King Kong, Universal persistently refused to identify in the court below "what shred of the King Kong character and name [it] owns." Opinion at A180. Its consistent claim was only that it owned "all trade name, trademark, service mark and other rights in the name, character and story of KING KONG . . . produced and released as a motion picture under the name KING KONG by RKO Pictures, Inc. in 1933, and subsequently as a remake motion picture under that name by Dino DeLaurentiis Corporation in 1975." Complaint, A15-16 at ¶6. In response to interrogatories, it would only define its mark by reference to scenes in the movies which it did not own (e.g. A239-40), and it asserted that the secondary meaning which had attached to the "King Kong name, character and story is that the public associates the name King Kong, character (*i.e.* the King Kong gorilla) and the King Kong story (including the pictorial representation of the King Kong gorilla atop a skyscraper, holding a woman captive) with the motion pictures entitled 'King Kong' and with the makers of those pictures" A211. Universal identified the visual image of King Kong atop the Empire State Building in the 1933 movie and atop the World Trade Center in the 1976 movie as elements of its alleged mark specifically infringed by Donkey Kong (A239-40), and argued to the court below that its alleged mark "denotes a particular gorilla, one who happens to be extraordinarily large and who holds a female captive on top of a large building." Opinion at A181.

Now Universal accuses Judge Sweet of having been unfair because it really only claimed a trademark "in the name KING KONG." Univ. Br. 25. This accusation is made despite Universal's assertion, as late as oral argument on Nintendo's summary judgment motion, that all elements were needed to demonstrate infringement, reasoning that if Nintendo's game lacked the character and story, and only used the name Donkey Kong, Universal "would have a much rougher case," than that actually argued to the district court. A114-15. In fact, Universal would have had an even more impossible case. To the extent that King Kong exists as a trademark, Universal concedes that the mark is more than a

Universal's consistent position is that the character and story of King Kong are part of these rights is reflected in the Complaint - A15 at ¶¶5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100. In fact, Universal concedes that the rights of RKO and DeLaurentiis in the King Kong name, character and story are not reduced by the use of King Kong in the game, but clearly purport to be. Universal charges Nintendo with trademark infringement and seeks to determine the proper remedy.

name.¹¹ Universal's retreat to a claim in only the name from its consistent position that it owned all trademark rights in the "name, character and story of King Kong" is an apparent concession by Universal that, given the undisputed record, it cannot claim the alleged trademark. Universal's latest twist in its chameleonic arguments only underscores the ultimate fact that the trademark rights allegedly existing in the "name, character and story of King Kong" have become so divided that King Kong can no longer have a secondary meaning.

On this uncontested record, where even Universal and RKO cannot resolve the boundaries between their competing claims to King Kong which are asserted amidst a plethora of third party uses of the name, character and story, Judge Sweet was fully justified in finding as a matter of law that King Kong did not have secondary meaning — i.e. "the power . . . to symbolize a particular business, product or company." See *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203 n.5 (2d Cir. 1979). Although Universal would like this Court to believe that there is a neatly defined area of trademark use called "merchandising" over which Universal now exercises exclusive rights as to the name "King Kong", the undisputed facts demonstrate otherwise. The fact that the rights of RKO and DDLC are embodied in copyrights and the publishing rights of Cooper in a contract is irrelevant to the question of whether there is a single source of origin to King Kong. As Judge Sweet stated: "The resulting consumer confusion is not reduced by the source of the legal protection for the competing images. . . ." Opinion at A183.¹²

11. Universal's consistent claim to all trademark rights in the "name, character and story of King Kong" with the graphic image of King Kong as a part of these rights is reflected throughout the record. See, e.g., Complaint — A15 at ¶¶5,6,8,9,11-18,20,21,25-27,31,32,36,37,42; Interrogatory Responses — A200, A202, A206-07, A210, A211, A215, A235, A238-40, A243, A244, A247, A252-55; Brief in Opposition to Summary Judgment — 3,15,33,39,74,83,88,96; Rule 3(g) Statement — A1314 at ¶11, A1315-16 at ¶¶3-6, A1317 at ¶¶8-10, A1319 at ¶12, A1324 at ¶24; During Oral Argument — A114-15, A126, A143; and in its Brief on this Appeal — 12,19,25,26,40. In addition, the few licenses granted by Universal for the use of King Kong are not confined to authorizing the use of the name, but clearly purport to license the name, character and story including visual depictions of King Kong. See A1404; A1406; A1412.

12. Universal charges Judge Sweet with applying "the wrong legal standard" to determine secondary meaning. Univ. Br. 24. Even though

C. THE DISTRICT COURT CORRECTLY FOUND THERE IS NO LIKELIHOOD OF CONFUSION AS TO THE SOURCE OF DONKEY KONG

Even if Universal had protectible trademark rights in King Kong, it must show that "there exists a likelihood that an appreciable number of ordinary prudent purchasers will be misled or simply confused as to the source of the goods in question." *Lever Brothers Co. v. American Bakeries Co.*, 693 F.2d 251, 253 (2d Cir. 1982). The district court recognized that "courts retain an important authority to monitor the outer limits of substantial similarity within which a jury is permitted to make the factual determination whether there is a likelihood of confusion as to source." Opinion at A185, citing *Warner Brothers, Inc. v. American Broadcasting Cos., Inc.*, 720 F.2d 231, 246 (2d Cir. 1983). See also *Durham Ind., Inc. v. Tomy Corp.*, 630 F.2d 905, 918 (2d Cir. 1980) (summary judgment compelled where a comparison of the parties' toys and packaging demonstrates no likelihood of confusion); *B & L Sales Associates v. H. Daroff & Sons, Inc.*, 421 F.2d 352, 354 (2d

Universal argued to Judge Sweet that it would “lose [its] case” if it could not show that the public believes “the game originates with, is sponsored by or approved by those wonderful folks that made the pictures” (A114-115). Judge Sweet did not find, as Universal wrongly asserts, that “Universal had to show that the public associates the King Kong gorilla with a single motion picture producer.” Univ. Br. 24. Instead, Judge Sweet correctly held that for Universal’s claimed trademark to have secondary meaning, the mark must have “[t]he power . . . to symbolize a particular business, product or company . . .” so that the public is “aware that the [trademarked] product derives from a single source.” Opinion at A180, *quoting Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203 n.5 (2d Cir. 1979).

Universal's citation to *Warner Brothers, Inc. v. Gay Toys Inc.*, 724 F.2d 327 (2d Cir. 1983) is not to the contrary. As pointed out in that opinion, "[t]he ultimate test for secondary meaning ... is simply whether the term, symbol or device identifies goods ... with a particular source." 724 F.2d at 333. In *Gay Toys*, this Court recognized that a producer of a television series could have trademark rights in a specific car because the "distinctive markings and color" of the car led consumers to associate it with a particular source - the producer's television series. *Id.* at 334. Clearly, *Gay Toys* offers no support to Universal since here, as the court below correctly found, no single entity has the exclusive rights to the King Kong name or character with the result that both the name and character are incapable, as a matter of law, of denoting a single source of origin.

Cir.), *cert. denied*, 398 U.S. 952 (1970) (summary judgment granted because various disputed facts were "overcome [by] the obvious inference from the exhibits themselves that no consumer ... could possibly mistake the source of the advertised goods"). Monitoring these limits in a case where no jury had been requested, the court properly determined that Donkey Kong and King Kong are utterly dissimilar, making summary judgment for defendants appropriate on the ultimate issue of the likelihood of confusion.

In assessing the likelihood of confusion, the district court compared the two properties pursuant to Universal's assertion that "apart from the names" there are "obvious" similarities between Donkey Kong and King Kong which can be seen by comparing the name, character and visual image of the Donkey Kong video arcade game with the 1933 and 1976 King Kong movies and promotional items. A239-40. With the approval of Universal, the district court viewed relevant portions of the 1933 and 1976 movies and the game play of the Donkey Kong and Donkey Kong Jr. arcade games. A158-59; Opinion at A162. The district court also had before it extensive photographic exhibits of the properties and promotional materials which were submitted with the briefs and upon which all parties were content to rely. *See* DX-1. Universal explicitly asserted that this evidence was all that was needed to assess the "obvious similarities" in the two marks. A239-40. Judge Sweet found the opposite - there are no substantial similarities and thus no likelihood of confusion.¹³

Both properties involve ape or gorilla characters on top of structures, but Universal cannot have rights in the idea of a gorilla or in the concept of a gorilla on a structure. *See Mattel, Inc. v. Azrak-Hamway Inter.*, 724 F.2d 357, 360 (2d Cir. 1983); *Warner Bros. Inc.*, 720 F.2d at 240 & n.6. It is also true that both properties involve the word "kong". For purposes of assessing likelihood of confusion, however, names cannot be dissected into their component parts, but must be compared in their entireties. *See San Fernando Elec. Mfg. Co. v. J.F.D. Elec. Components Corp.*, 565 F.2d 683, 685 (C.C.P.A. 1977); *Information Clearing House, Inc. v. Find Magazine*, 492

13. Copies of four of these photographic exhibits are appended to this brief for the Court's convenience, including the classic image of King Kong on top the Empire State Building which Universal specifically alleged was infringed by Donkey Kong. A239-40.

F. Supp. 147 (S.D.N.Y. 1980). The words King Kong evoke the image of the powerful ferocious gorilla defined in the Oxford English Dictionary and Roget's Thesaurus.¹⁴ The words Donkey Kong convey the image of the farcical and humorous gorilla in Nintendo's comical video game. See generally *Clarks of England, Inc. v. Glen Shoe Co.*, 485 F. Supp. 375 (S.D.N.Y. 1980).¹⁵

Donkey Kong is the antithesis of King Kong in all of its elements. Donkey Kong is a cartoon-like gorilla whose body movements are artificial, whose face has a fixed "goofy" expression, and who stands only slightly taller than the other game characters. DX-1 Exs. 3A, 5-11. King Kong, as portrayed in the 1933 and 1976 movies, is a ferocious fifty foot gorilla, whose body movements and various facial expressions are fierce and animal-like and whose emotions and desires are human. DX-1 Exs. 46, 49, 50, 53.¹⁶

14. King Kong is defined in the Oxford English Dictionary as a common term "used as a nickname for anyone with outstanding size or strength" and slang for "[c]heap alcohol." *Oxford English Dictionary*, Supplement Vol. 2, p. 511 (Oxford at the Clarendon Press 1976). Roget's Thesaurus identifies King Kong as a noun synonymous with terms such as monster, fiend, brute, etc. *The Original Roget's Thesaurus*, p. 593 (St. Martin's Press 1965; Dell 1966). King Kong is defined in *H. Wentworth and S.B. Flexner, The Dictionary of American Slang* (2d Supp. Ed. 1975) as "strong cheap whisky or wine ... from the fictional ape King Kong of huge size and tremendous strength."

15. The names "King Kong" and "Donkey Kong" are also not sufficiently similar in appearance or sound to be confused. The mark Donkey Kong appears in stylized form with stars in the "O" in Donkey and Kong, differing from the block lettering used for King Kong in the movie and promotional materials. Compare DX-1 Exs. 2-2c with 39. See *Clarks of England, Inc. v. Glen Shoe Co.*, 485 F. Supp. 375 (S.D.N.Y. 1980) (styles of lettering used in the marks Trek and Star Trek were easily distinguishable). Donkey Kong and King Kong do not contain the same number of syllables or have the same stress patterns, resulting in phonetic differences not likely to cause confusion. See *Buitoni Foods Corp. v. Gio. Buton & C. S.p.A.*, 680 F.2d 290 (2d Cir. 1982) (finding the degree of similarity between "Buitoni" and "Buton" insubstantial based on phonetic differences). See also *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 623 (2d Cir. 1983) ("Sally Gee" and "Sally Lee" visibly and audibly distinguishable); *Cinnabar Traders Ltd. v. Cinnabar Lane Ltd.*, 82 Civ. 0019 (S.D.N.Y. Jan. 19, 1983).

16. Considering various other elements of the properties: the pink-colored girders which comprise the multi-tiered unfinished structures in the

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Given the overwhelming dissimilarities between the Donkey Kong and King Kong names, characters and stories, the district court found no substantial similarity in the "total concept and feel" of the two properties - the key inquiry in determining the likelihood of confusion. Opinion at A188. See *Warner Bros. Inc.*, 720 F.2d at 246; *Mennen Co. v. Gillette Co.*, 565 F. Supp. 648, 654 (S.D.N.Y. 1983); *Ideal Toy Corp. v. Kenner Prod.*, 443 F. Supp. 291, 307 (S.D.N.Y. 1977).¹⁷ Donkey Kong is comedic and entertaining. One tries to maneuver Mario the carpenter up a pink girdered structure by having him strut up ramps, leap over obstacles, climb ladders, jump on moving elevators and ride conveyor belts, while avoiding cement tubs, fox fires, barrels and beams and attempting to win such prizes as telephones, umbrellas, lunch pails and birthday cakes. The farcical and impish Donkey Kong adds to the humorous impression of the game by taunting and teasing Mario while strutting back and forth and jumping up and down at the top of the unfinished structure. DX-1 Exs. 7-11.

construction site presented in the Donkey Kong game (DX-1 Ex. 8) hardly compare with the Empire State Building or World Trade Center in the King Kong movies (DX-1 Exs. 48, 53); the neatly dressed girl with her hair in pig-tails in the Donkey Kong game (DX-1 Ex. 6) is unlike the provocative and sensual female heroines in the King Kong movies (DX-1 Exs. 40, 42); and the short, stocky, moustachioed carpenter in the Donkey Kong game (DX-1 Ex. 4) is a far cry from the tall, handsome hero of the King Kong movies (DX-1 Exs. 41-43). The pies, cement tubs, birthday cakes, springs, umbrellas, purses, oil cans, barrels, elevators, hats and rivets which are integral parts of the comical and amusing video game Donkey Kong (DX-1 Exs. 8-12) bear no resemblance to the biplanes, helicopters and other instruments of death which are important elements of the dramatic and violent depiction of King Kong on top the Empire State Building or World Trade Center (DX-1 Exs. 48, 53, 54).

17. Universal claims that in comparing the two marks, the court ignores what Universal now says is its "primary contention" - the confusing similarity of the two names. Univ. Br. 30. As discussed above, Universal steadfastly asserted throughout this litigation that its rights are embodied in the "name, character and story King Kong" and that it is the "name, character and story of Donkey Kong" which is infringing. See note 11 *supra*. At no time has Universal isolated any one element as more important than another, and has even conceded that it needs to rely on the entire name, character and story to have any credible case. A114-15. In any event, it is clear that the "total concept and feel" of the properties rather than any one element such as the name is the relevant legal inquiry. See cases cited in text.

King Kong, on the other hand, is an epic love story in which the beast in his quest for the beauty goes on rampages in which he crushes people underfoot or throws them to the ground, and fights with dinosaurs, giant snakes, biplanes and helicopters, all culminating in the tragic and bloody end of King Kong. DX-1 Exs. 46, 54.¹⁸ The drama is captured by the bystander in the street below who soberly observes that it wasn't the airplanes which killed King Kong, it was beauty - a far cry from the goofy gorilla jumping up and down on the girder when Mario rescues the pigtailed girl.

The district court also correctly found that no trier of fact could reasonably find a likelihood of confusion where almost every factor in *Polaroid v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir.), cert. denied, 368 U.S. 820 (1961), indicates that confusion is not likely. Opinion at A190. Universal contends that the court, in assessing the *Polaroid* factors, was resolving disputed factual issues, "therefore making summary judgment improper." Univ. Br. 35-36. Yet, as the court found, no reasonably disputed material factual issue was created by the evidence; and it is clear in any event, that some "minor issues of fact with respect to one or two of [the *Polaroid*] factors should not interfere with the granting of summary judgment where a weighing of all the factors convinces the court" that there is no likelihood of confusion. *B & L Sales*, 421 F.2d at 354; *Programmed Tax Systems, Inc. v. Raytheon Co.*, 439 F. Supp. 1128, 1130 (S.D.N.Y. 1977). See also *Affiliated Hospital Prod., Inc. v. Merdel Game Mfg. Co.*, 513 F.2d 1183, 1188 (2d Cir. 1975).

18. Universal criticizes the district court's characterization of Donkey Kong and attempts to show that the Donkey Kong gorilla is "ferocious" and "cunning" and that Pauline is "scantily clad" and "sensual". Univ. Br. 34 n.30. A review of the evidence cited by plaintiff only underscores the absurdity of the claim. A724-36; A780-95. The district court correctly found that "at best Donkey Kong is a parody of King Kong, but a parody of this sort is not an infringement." Opinion at A187. Contrary to plaintiff's assertions, the parody concept is not confined to the fair use doctrine of copyright law. A parody of a trademark is rarely a confusing use, see *Tetley Inc. v. Topps Chewing Gum, Inc.*, 556 F. Supp. 785 (E.D.N.Y. 1983); *Girl Scouts v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228 (S.D.N.Y. 1969), particularly here where Donkey Kong and King Kong are antithetical and there is no evidence of actual confusion or basis for finding a likelihood of confusion.

In the face of the obvious dissimilarity between the two properties, Universal now argues that issues of fact sufficient to defeat summary judgment on the issue of confusion were nevertheless raised by: (1) its opinion survey; (2) alleged evidence of actual confusion; and (3) alleged evidence of intentional copying. Univ. Br. 30-35. All of these alleged issues were presented to Judge Sweet on the motion for summary judgment and properly rejected by him.

1. Universal's Telephone Survey

Universal's survey was properly disregarded by the district court. Opinion at A187-88. A plaintiff cannot avoid summary judgment by hastily constructing a flawed survey where a "comparison of the works reveals no fair jury issue concerning likelihood of confusion." See *Warner Brothers, Inc. v. American Broadcasting Cos., Inc.*, 720 F.2d 231, 245 (2d Cir. 1983). Cf. *Original Appalachian Artworks, Inc. v. Blue Box Factory (USA) Ltd.*, 83 Civ. 8917 (S.D.N.Y. December 21, 1983); *Ideal Toy Corp. v. Kenner Prod.*, 443 F. Supp. 291 (S.D.N.Y. 1977).

Universal surveyed a small number of operators of video arcades, bowling alleys and pizza parlors instead of ultimate consumers, the players or purchasers of Donkey Kong games and products. A1638-57. As found by the district court, the survey is of an improper universe, not relevant as a matter of law to the likelihood of consumer confusion. See generally *American Footwear Corp. v. General Footwear Co., Ltd.*, 609 F.2d 655, 661 n.4 (2d Cir. 1979), cert. denied, 445 U.S. 951 (1980); *Olay Co., Inc. v. Cococare Prod., Inc.*, 218 U.S.P.Q. 1028 (S.D.N.Y. 1983); *E.I. DuPont de Nemours and Co. v. Yoshida Int., Inc.*, 393 F. Supp. 502 (E.D.N.Y. 1975); *American Luggage Works, Inc. v. United States Trunk Co.*, 158 F. Supp. 50, 53 (D. Mass. 1957), aff'd, 259 F.2d 69 (1st Cir. 1958). See also *Mennen Co. v. Gillette Co.*, 565 F. Supp. 648, 653 (S.D.N.Y. 1983). Even if the relevant universe included these operators, as now alleged by Universal, the survey would still be defective and "must be discounted in its entirety" because it excluded ultimate purchasers and players, which even Universal admits (A109, A114) are clearly a crucial part of the relevant universe. Cf. *King-Size, Inc. v. Frank's King Size Clothes, Inc.*, 547 F. Supp. 1138, (S.D. Tex. 1982).

Moreover, the survey was conducted over the telephone and was therefore not conducted in the context of "actual market conditions with respondents in a buying mood." For

this reason alone, it is nonprobative on the issue of likelihood of consumer confusion. See *Beneficial Corp. v. Beneficial Capital Corp.*, 529 F. Supp. 445 (S.D.N.Y. 1982); *Sears, Roebuck & Co. v. Allstate Driving School, Inc.*, 301 F. Supp. 4 (E.D.N.Y. 1969). See also *Original Appalachian Artworks, Inc. v. Blue Box Factory (USA) Ltd.*, 83 Civ. 8917 (S.D.N.Y. Dec. 21, 1983).

The series of questions asked in the survey was equally defective. Every respondent was asked question number five: "As far as you know who makes Donkey Kong?". Significantly, not one respondent answered Universal or the makers of the King Kong movies. After this telling result, however, the survey impermissibly led respondents to the desired conclusion. Regardless of the answer to question five, each respondent was asked question seven: "To the best of your knowledge was the Donkey Kong game made with the approval or under the authority of the people who produce the King Kong movies?". This classic leading question not only asks respondents to guess, but also directs an opinion to those who had not formed an impression or opinion as to question number five. Answers to such questions cannot establish confusion as a matter of law. See *General Motors Corp. v. Cadillac Marine & Boat Co.*, 226 F. Supp. 716, 736 (W.D. Mich. 1964).

Respondents were also asked "Where do you think the name comes from?", which could only produce associational responses not indicative of the likelihood of confusion. *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 263-65 (5th Cir.), cert. denied, 449 U.S. 899 (1980). As stated in *Warner Brothers, Inc.*, 720 F.2d at 246, and found by Judge Sweet, the availability of survey evidence indicating some association does not create a "reasonably disputed factual issue of likelihood of confusion as to the source when the works are as different as those in this case." Opinion at A187-88. See also *American Footwear Corp.*, 609 F.2d at 663; *Mennen Co. v. Gillette Co.*, 565 F. Supp. at 652-53; *Ideal Toy Corp.*, 433 F. Supp. at 308.

2. The Absence of Actual Confusion

Universal's allegations of actual confusion come late in the day. Throughout discovery, Universal conceded that it could not produce any evidence of actual confusion in the marketplace. See A209. It now points to certain articles written by video game commentators and an affidavit from the president of Nintendo, Mr. Arakawa, as evidence of actual confusion. This "evidence" falls far short of raising a factual issue as to actual confusion.

Universal contends that articles appearing in trade magazines "connect" King Kong and Donkey Kong. Univ. Br. 32. Universal is careful to use the term "connect," since none of the articles cited state that Universal or the makers of the King Kong movies sponsored or created the Donkey Kong game, and some articles specifically note that Donkey Kong is a Nintendo product or trademark. A1503-1610. Mere connection, association or linkage between two marks is insufficient to support a finding of actual confusion or even likelihood of confusion. See *Warner Brothers, Inc.*, 720 F.2d at 246; *American Footwear Corp.*, 609 F.2d at 660-663; *Ideal Toy Corp.*, 443 F. Supp. at 308. Evidence that commentators associate or even confuse Donkey Kong and King Kong is also not probative on the issue of whether purchasers or potential purchasers of the Donkey Kong game - the relevant market - are likely to be confused as to its origin or sponsorship. *Olay Co., Inc. v. Cococare Prod. Inc.*, 218 U.S.P.Q. 1028 (S.D.N.Y. 1983).

Mr. Arakawa's affidavit, which is repeatedly cited in Universal's brief, was filed in connection with a Petition to the United States Patent and Trademark Office requesting expedited consideration of Nintendo's trademark application for Donkey Kong so that Nintendo could have the assistance of the United States Customs Service in halting the importation and sale of counterfeit Donkey Kong arcade games. A295-98. The counterfeit games Nintendo sought to halt at the ports were blatant copies which used the same printed circuit board to replicate the Donkey Kong game, and had names similar to Donkey Kong so they could be passed off as Nintendo products. In this context, Mr. Arakawa stated that there was a confusing similarity between the name Donkey Kong and the names Donkey King, Crazy Kong and King Kong when deliberately used on counterfeit Donkey Kong arcade games. Mr. Arakawa's statement is clearly not an

admission that the Donkey Kong trademark could be confused with Universal's purported King Kong mark.

3. Nintendo's Good Faith

Universal also alleges that Nintendo intended to copy King Kong. Univ. Br. 35.¹⁹ Even if Nintendo intended to copy King Kong (which it clearly did not), it indisputably failed miserably, and the district court correctly held that "if comparison of the works reveals no fair jury issue concerning likelihood of confusion, then intent to copy, even if found from the proffered evidence, would not establish a Lanham Act violation." Opinion at A187, quoting *Warner Bros., Inc.*, 720 F.2d at 247.

Even if evidence of Nintendo's intent were relevant to the issues on summary judgement, Universal's distortion of the record does not create a genuine issue of fact.²⁰ There is not one shred of evidence which suggests that defendants sought to trade upon the purported commercial magnetism of King Kong. The deposition testimony and attendant exhibits show at most that defendants used the words King Kong or Kong in the later stages of the development of the game when referring to the game or the gorilla character. As Judge Sweet noted, the original design of the game did not even involve a gorilla character (see counter-statement of facts), and the switch to a

19. Universal states that Nintendo's counsel admitted that Nintendo intended to copy King Kong. Univ. Br. 35. This is untrue. Nintendo's counsel made no such admission. See A73-74. Nintendo's counsel stated the obvious, as demonstrated in the Rovin Affidavit, that the King Kong character and theme are a pervasive part of our culture and that it would be unreasonable, given this pervasiveness, to believe that no associations were made with the King Kong genre during the later developmental stages of the game.

20. Universal's claim that defendants acted in bad faith in adopting their mark is based on testimony of the Japanese employees of Nintendo who developed the Donkey Kong game. Because the Japanese deponents are foreign nationals resident in Japan, they were extensively deposed by Universal in Japan in order to secure their testimony for trial. All evidence thus elicited by Universal in Japan was presented to the district court. Universal has pointed to no other evidence to support its claim of bad faith. On this particular issue, therefore, it was not even a question of whether there are factual disputes to be developed at trial. The full record was already before the court, and it showed overwhelmingly and consistently that Nintendo acted in good faith.

Nintendo does not dispute the fact that King Kong was among the proper names and gorillas in general (see D. Br. 35) while the Donkey Kong game was not establish bad faith. *Arrows, Inc. v. Blue*, 897 (S.D.N.Y. Dec. 21, 1980); *Information Clearing House*, 147 (S.D.N.Y. 1980); *U.S. Supp.* 483 F. Supp. 89, 94 (1980). The name "Donkey Kong" is a idea of a comical or "goofy" character intent of the game. A6. The term "Kong" could be used for the term because it was believed a gorilla, one of the characters for the design of the game, "though not on characters people would recognize of the record. When Mr. M. character people would recognize the importance of a sharply defined character of a well known character. In any event, there can be no doubt that the King Kong of movie fame. The desire to have an English name for them to sell in the common for many Japanese people. *New York Times*, July 5, 1983, p. 1. Nintendo games include Space Force, Sheriff, Heli Fire, and Space

gorilla was for technical reasons involving the difficulty of portraying a character on a video game screen. Opinion at A186.

Nintendo does not dispute that the names Kong and King Kong were among the proposed names considered during the final process of naming the game. In view of the classic status and pervasive use of "King Kong" and "Kong" in connection with gorilla characters and themes involving women and gorillas in general (*see* DX-2; DX-3), it is hardly surprising that associations or references were made to King Kong while the Donkey Kong game was being developed. As a matter of law, however, such associations or references would not establish bad faith. *See generally Original Appalachian Artworks, Inc. v. Blue Box Factory (USA) Ltd.*, 83 Civ. 8917 (S.D.N.Y. Dec. 21, 1983); *American Greetings Corp. v. Easter Unlimited*, 83 Civ. 7690 (S.D.N.Y. Dec. 12, 1983); *Information Clearing House, Inc. v. Find Magazine*, 492 F. Supp. 147 (S.D.N.Y. 1980); *United Artist Corp. v. Ford Motor Co.*, 483 F. Supp. 89, 94 (S.D.N.Y. 1980).²¹

The name "Donkey Kong" was chosen to best convey the idea of a comical or "goofy" gorilla in keeping with the humorous intent of the game. A624; A647.²² It was suggested that the term "Kong" could be used in conjunction with some other term because it was believed that "Kong" generally denoted a gorilla, one of the characters in the game. A625;

21. Universal argues that Mr. Miyamoto, who was primarily responsible for the design of the game, "thought it was important to design a game based on characters people would recognize." Univ. Br. 13. This is a gross distortion of the record. When Mr. Miyamoto testified as to the importance of a "character people would recognize", he was referring to "graphics" and the importance of a sharply defined figure on the video screen, whether the figure be of a well known character or simply another gorilla. *See* A406, A409-13. In any event, there can be no question that the graphic image of Donkey Kong ultimately developed by Mr. Miyamoto bears no resemblance to the King Kong of movie fame in any of his depictions. *See* DX-1.

22. The desire to have an English descriptive name was based on the commonly held belief in Japan that English language descriptions of products are necessary for them to sell in the United States and Japan. A621-24. It is common for many Japanese products to have English names (*see The New York Times*, July 5, 1983, pages D.1 and 11), and indeed, other Nintendo games include Space Fever, Block Fever, Othello, Space High Split, Sheriff, Heli Fire, and Space Firebird. A403.

v. Azrak-Hamway Inter., 724 F.2d 357, 360-61 (2d Cir. 1983); *Warner Brothers, Inc. v. American Broadcasting Cos. Inc.*, 720 F.2d 231, 247 (2d Cir. 1983); *American Footwear Corp. v. General Footwear Co., Ltd.*, 609 F.2d 655, 664 (2d Cir. 1979), *cert. denied*, 445 U.S. 951 (1980); *Durham Indust., Inc. v. Tomy Corp.*, 630 F.2d 905, 918 (2d Cir. 1980); *Ideal Toy Corp. v. Kenner Prod.*, 443 F. Supp. 291, 307 (S.D.N.Y. 1977); *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 42 N.Y. 2d 538, 543, 399 N.Y.S. 2d 628, 631 (1977). Having determined that Universal had no property interest to be infringed or misappropriated and that no reasonable person could conclude that there could be confusion between Donkey Kong and King Kong, the district court necessarily dismissed Universal's common law infringement and unfair competition claims.

The district court also properly dismissed Universal's claim under New York's antidilution statute. N.Y. Gen. Bus. Law § 368-d (McKinney 1983). As recognized by the district court (Opinion at A191), and conceded by Universal (Univ. Br. 38), to merit protection under the statute, a mark must be extremely strong and the two marks in dispute must be sufficiently similar to support a finding of likelihood of dilution. See *Warner Bros. Inc.*, 720 F.2d at 248; *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983); *Allied Maintenance Corp.*, 42 N.Y. 2d at 545-46, 399 N.Y.S. 2d at 632-33.

The court correctly found that the purported King Kong trademark did not meet the strict distinctiveness requirement established by that statute. Opinion at A192. Even assuming that King Kong is a trademark and has acquired secondary meaning which can be claimed by Universal, its tortured history and multiple uses have rendered it an exceedingly weak mark which is not afforded protection by the statute. *Sally Gee, Inc.*, 699 F.2d at 625; *Allied Maintenance Corp.*, 42 N.Y.2d at 545-46, 399 N.Y.S.2d at 632-33.

The district court also correctly held that no triable issue exists as to whether Donkey Kong "blurs" Universal's purported King Kong mark within the meaning of the antidilution statute. Opinion at A191-92. Where there is no substantial similarity between Nintendo's Donkey Kong trademark and King Kong, no reasonable person could find that Donkey Kong blurs Universal's alleged mark. *Warner Bros., Inc.*, 720 F.2d at 248. Finally, no credible argument can be made that

Nintendo's Donkey Kong products tarnish the King Kong mark. Nintendo's products are of high quality and have had great commercial success. *See Sally Gee, Inc.*, 699 F.2d at 625-26. Indeed, Universal has participated in that success through its royalty agreements with Nintendo's licensees and cannot now complain that this success has "whittled away" the value of its purported mark.

E. UNIVERSAL'S AGREEMENTS WITH NINTENDO'S LICENSEES INDEPENDENTLY CALL FOR AFFIRMANCE OF SUMMARY JUDGMENT

Although it did not rest its decision on the legal effect of Universal's agreements with Nintendo's licensees, the district court found that these agreements supported its decision since they "indicate that Universal did not believe that Donkey Kong would be confused with King Kong." Opinion at A191. These agreements do more than support Judge Sweet's decision. They are an independent basis for summary judgment because they constitute either an abandonment by Universal of its claimed mark or a conclusive admission of no confusion between Donkey Kong and King Kong.

Pursuant to these agreements, Universal took advantage of certain Nintendo licensees and became a silent partner in the distribution of millions of Donkey Kong products. The agreements, which were identified as "licenses" by Universal (A205; A214), provide for Nintendo's licensees to pay substantial royalties to Universal in exchange for a covenant not to sue. In one case, Universal not only receives royalty payments, but receives additional payments in exchange for its active participation in the worldwide distribution of the Donkey Kong television program. In another case, Universal went so far as to reach an understanding that it would take no action in this litigation by way of preliminary relief which might jeopardize its lucrative arrangement.

None of the agreements contain any provision for Universal to supervise or control the manufacturing or marketing of Donkey Kong products. They also do not provide for Universal's name to be placed on, or Nintendo's name to be removed from, the Donkey Kong products. Indeed, the agreements do not even demand that a disclaimer with respect to Universal be put on the products, a requirement which would have been expected if Universal was indeed concerned with the protection of its mark from confusion. *See*

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Trademarks are fragile property rights. Where an owner fails to protect his trademark from unauthorized use or permits third-party use of the mark without controlling and policing the quality of the goods or the mark's use (i.e. - a "naked license"), the owner abandons his trademark by operation of law. See *Haymaker Sports, Inc. v. Turian*, 581 F.2d 257, 261 (C.C.P.A. 1978); *IHT Corp. v. Saffir Publishing Corp.*, 444 F. Supp. 185, 187-89 (S.D.N.Y. 1978). The policy underlying this trademark principle has been explained by this Court:

If the licensor is not compelled to take some reasonable steps to prevent misuses of his trademark in the hands of others, the public will be deprived of its most effective protection against misleading uses of a trademark... Thus, unless the licensor exercises supervision and control over the operations of its licensees the risk that the public will be unwittingly deceived will be increased and this is precisely what the [Lanham] Act is in part designed to prevent.... Clearly the only effective way to protect the public where a trademark is used by licensees is to place on the licensor the affirmative duty of policing in a reasonable manner the activities of his licensees.

Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358, 367 (2d Cir. 1959).

Universal now describes the naked licenses entered into with Nintendo's licensees as "pragmatic and commercially attractive alternative[s]," but the fact remains that they are completely contrary to a trademark owner's obligations as enunciated in *Dawn Donut*. Universal has put itself in the position of either abandoning its alleged mark by virtue of these agreements or admitting that the distribution of Donkey Kong creates no consumer confusion. Judge Sweet observed only that "[t]hese agreements indicate that Universal did not believe that Donkey Kong would be confused with King Kong," citing *Application of E.I. DuPont De Nemours & Co.*, 476 F.2d 1357 (C.C.P.A. 1973); *Croton Watch Co., Inc. v. Laughlin*, 208 F.2d 93 (2d Cir. 1953); and *Mushroom Makers*,

Inc. v. R.G. Barry Corp., 441 F. Supp. 1220 (S.D.N.Y. 1977), *aff'd*, 580 F.2d 44 (2d Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979).

Universal faults Judge Sweet for resolving what it says is a disputed factual issue as to its motive or belief in entering into the agreements with Nintendo's licensees claiming that, despite the agreements, it did in fact believe that there was confusion between King Kong and Donkey Kong. Of course, this argument simply ignores the other horn of Universal's dilemma — if there is confusion, Universal has elected to participate in the creation of that confusion rather than to preserve its alleged mark. Thus, its mark must be deemed abandoned.²³

Universal also argues that it should have been allowed to present testimony and cross-examine the licensees who submitted affidavits concerning their agreements with Universal. If there were material factual issues to be disputed concerning these affidavits, however, it was Universal's burden to come forward with counteraffidavits framing such issues. See generally *Markowitz v. Republic National Bank*, 651 F.2d 825, 828 (2d Cir. 1981); *SEC v. Research Automation Corp.*, 585 F.2d 31, 33 (2d Cir. 1978). No such counteraffidavits were offered. In any event, Universal's agreements with Nintendo's licensees and their contents were undisputed. On this basis alone, the district court's decision should be affirmed.

23. Universal's reliance on *T&T Mfg. Co. v. A.T. Cross Co.*, 587 F.2d 533 (1st Cir. 1978) is misplaced. The sole issue presented to the court in that case was the enforceability of a covenant not to sue between a plaintiff and a defendant in an infringement action where the plaintiff argued that the agreement was void on public policy grounds because of public confusion between the marks. The court observed that it had competing policy considerations before it: (1) the enforceability of contracts and (2) the protection of the public from confusion. In weighing these policies the court noted that it had to assess the extent of the danger of public confusion and found that the policy of enforcing contracts prevailed where "the likelihood of confusion ... is *de minimus*." 587 F.2d at 539. The court also cited *Application of E.I. DuPont De Nemours & Co.*, 476 F.2d 1357 (C.C.P.A.), which was also cited by Judge Sweet, which observed that "[i]t is at least difficult to maintain a subjective view that confusion will occur when those directly concerned say it won't" by virtue of their agreements permitting concurrent use. 476 F.2d at 1362-63.

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F. UNIVERSAL IS JUDICIALLY ESTOPPED FROM ASSERTING PROTECTIBLE TRADEMARK RIGHTS IN KING KONG

The doctrine of judicial estoppel protects the integrity of judicial institutions by "preclud[ing] a party from taking a position inconsistent with one previously taken with respect to the same facts in an earlier litigation." *Allen v. Zurich Ins. Co.*, 667 F.2d 1162, 1166-68 (4th Cir. 1982). Courts invoke this doctrine to prevent litigants from misleading the judiciary:

Judicial estoppel addresses the incongruity of allowing a party to assert a position in one tribunal and the opposite in another tribunal. If the second tribunal adopted the party's inconsistent position, then at least one court has possibly been misled.

Edwards v. Aetna Life Ins. Co., 690 F.2d 595, 599 (6th Cir. 1982). This Court has recognized the appropriateness of applying judicial estoppel, since "litigants should not be permitted to play 'fast and loose with the courts' by taking inconsistent positions in related proceedings." *Sperling v. United States*, 692 F.2d 223, 227 (2d Cir. 1982) (Van Graafeiland, concurring), *cert. denied*, 103 S. Ct. 3111 (1983). *See also Gottesman v. General Motors Corp.*, 222 F. Supp. 342, 344 (S.D.N.Y. 1963).

Universal, in advancing a position which is totally inconsistent with the position on which it prevailed before the California federal court, is playing fast and loose with this Court and the court below. Either the California court was misled, or this Court is being misled. In the California litigation, Universal won a judicial declaration against RKO that King Kong could not serve as a trademark and ensured that the Cooper Judgment and its underlying findings were drafted to reflect this declaration. Universal subsequently settled with RKO on extremely favorable terms by using these very judgments as a club. Only then did it proceed to vacate by stipulation the declaratory judgment it had obtained. The expedient

of vacating this judgment did not free Universal to threaten other parties through litigation in other courts in which it would assert the exact opposite of the position it asserted in California.²⁴

The district court refused to apply collateral or judicial estoppel finding that for the application of either doctrine a party must have prevailed on the merits in the prior proceeding – a requirement which was found lacking here because the Universal Judgment was ultimately vacated. The district court did not realize that judicial estoppel can be applied in circumstances where the requirements for collateral estoppel are not met. *See Scarano v. Central R. Co.*, 203 F.2d 510, 512-13 (3d Cir. 1953). Judicial estoppel does not require that a party prevail on the merits in the sense of obtaining a final judgment in the first proceeding; the party need only have been successful in persuading the court to adopt its position, "either as a preliminary matter or as a part of a final disposition." *See, e.g., Edwards v. Aetna Life Ins. Co.*, 690 F.2d 595, 598-99 & n.5 (6th Cir. 1982); *cf. Allen v. Zurich Ins. Co.*, 667 F.2d 1162 (4th Cir. 1982); *Wade v. Woodings-Verona Toolworks, Inc.*, 469 F. Supp. 465 (W.D. Pa. 1979). Indisputably, Universal succeeded in persuading the California federal court to adopt its position, and it reaped substantial benefits from this success. The doctrine of judicial estoppel is available as an alternative ground for affirming the district court's grant of summary judgment.

24. Counsel for Universal blithely passed off Universal's duplicity in the court below:

Well, Mr. Croft [Universal's California counsel] can make that argument, and I have to make that argument exactly the opposite way today and the court can believe Mr. Croft or believe me, but it doesn't make much difference . . .

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present claims in
Dated: April 9, 1

Of Counsel:

John J. Kirby.
Thomas G. Ga
Shelley B. O'N
Catherine E. P

Of Counsel:

James L. Mag

CONCLUSION

The district court's grant of summary judgment for defendants on all of Universal's claims should be affirmed because: (1) Universal never acquired any trademark rights in King Kong; (2) King Kong has no secondary meaning as a matter of law; (3) there is no likelihood of confusion between King Kong and Donkey Kong; (4) Universal's agreements with Nintendo's licenses constitute either an abandonment of its claimed mark or a conclusive admission of no confusion; and (5) Universal is judicially estopped from asserting its present claims in this litigation.

Dated: April 9, 1984

Respectfully submitted,

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Nintendo of America, Inc.

Exhibits From DX-1,
Palmer Affidavit

EXHIBIT 2C

A side panel of the Donkey Kong video arcade game featuring graphics of Donkey Kong, the girl with blonde hair and Mario. This panel prominently displays "Donkey Kongtm," and "©1981 Nintendo of America, Inc."

DONKEY KONG™

© 1981 Nintendo of America Inc.



Nintendo®

EXHIBIT 8

The "Girders Board", the first construction site scene that appears, which consists of seven horizontal pink/purple girders connected by ladders. During this round Mario must be maneuvered by the player to avoid barrels and fireballs so that he can rescue the pigtailed girl from Donkey Kong.

1UP
015600

HIGH SCORE
029900

P=02

[BONUS]
4700

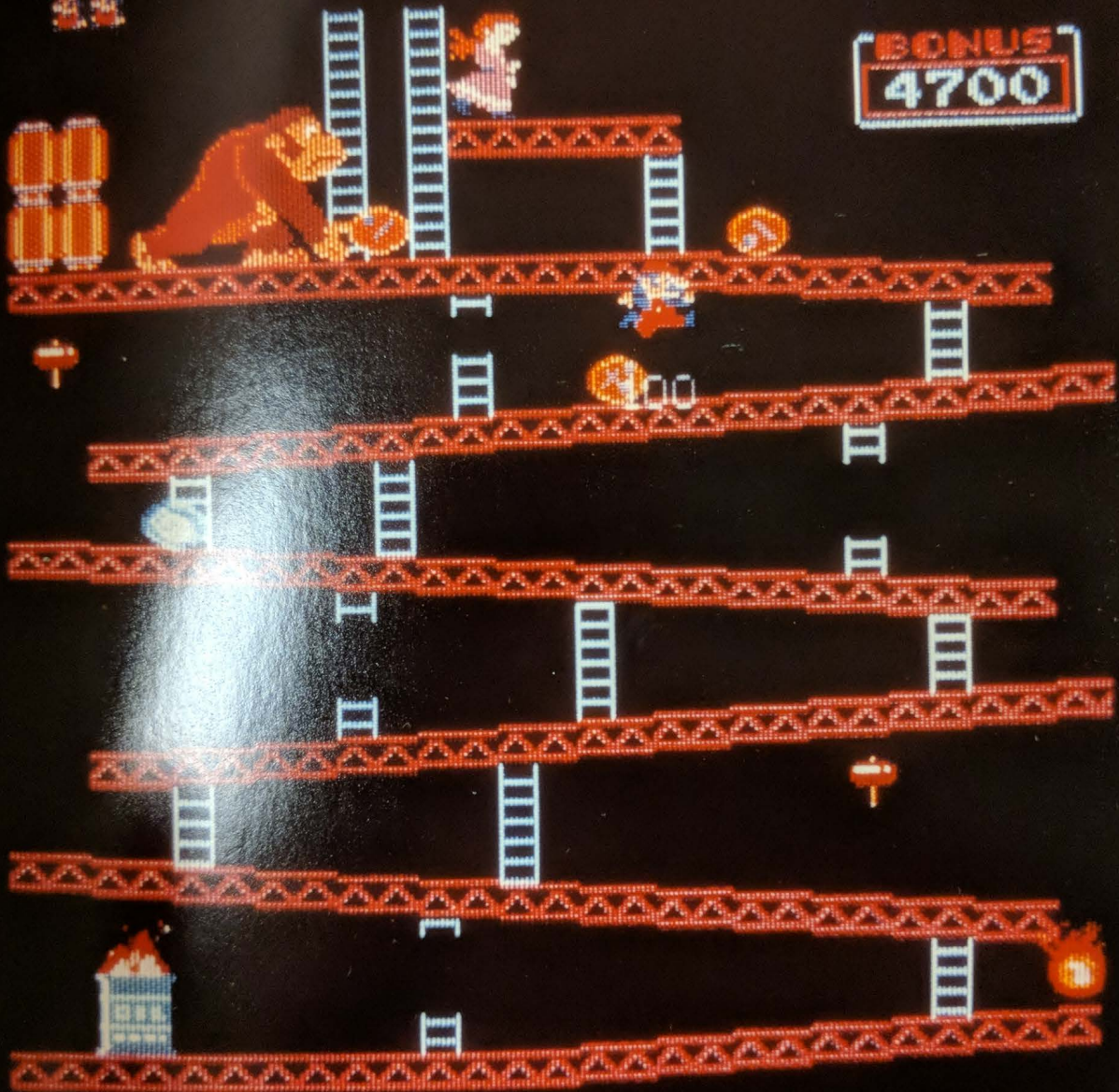


EXHIBIT 47

Promotional material from the 1933 King Kong movie. King Kong towering over the Manhattan skyline with Anne in his paw.

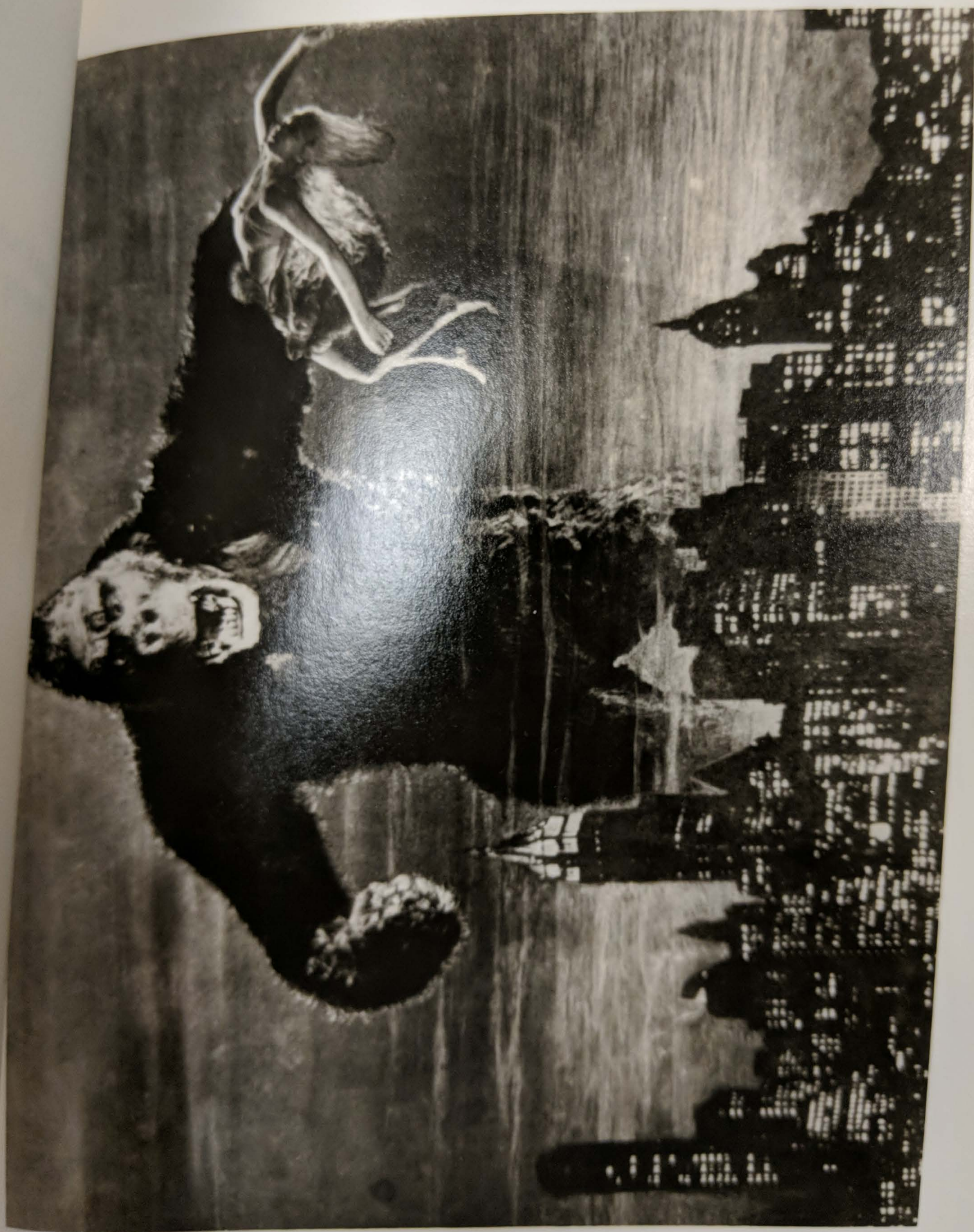


EXHIBIT 48

Still from the 1933 King Kong movie. King Kong, on top of the Empire State Building with Anne in his paw, battles biplanes until he is mortally wounded.

